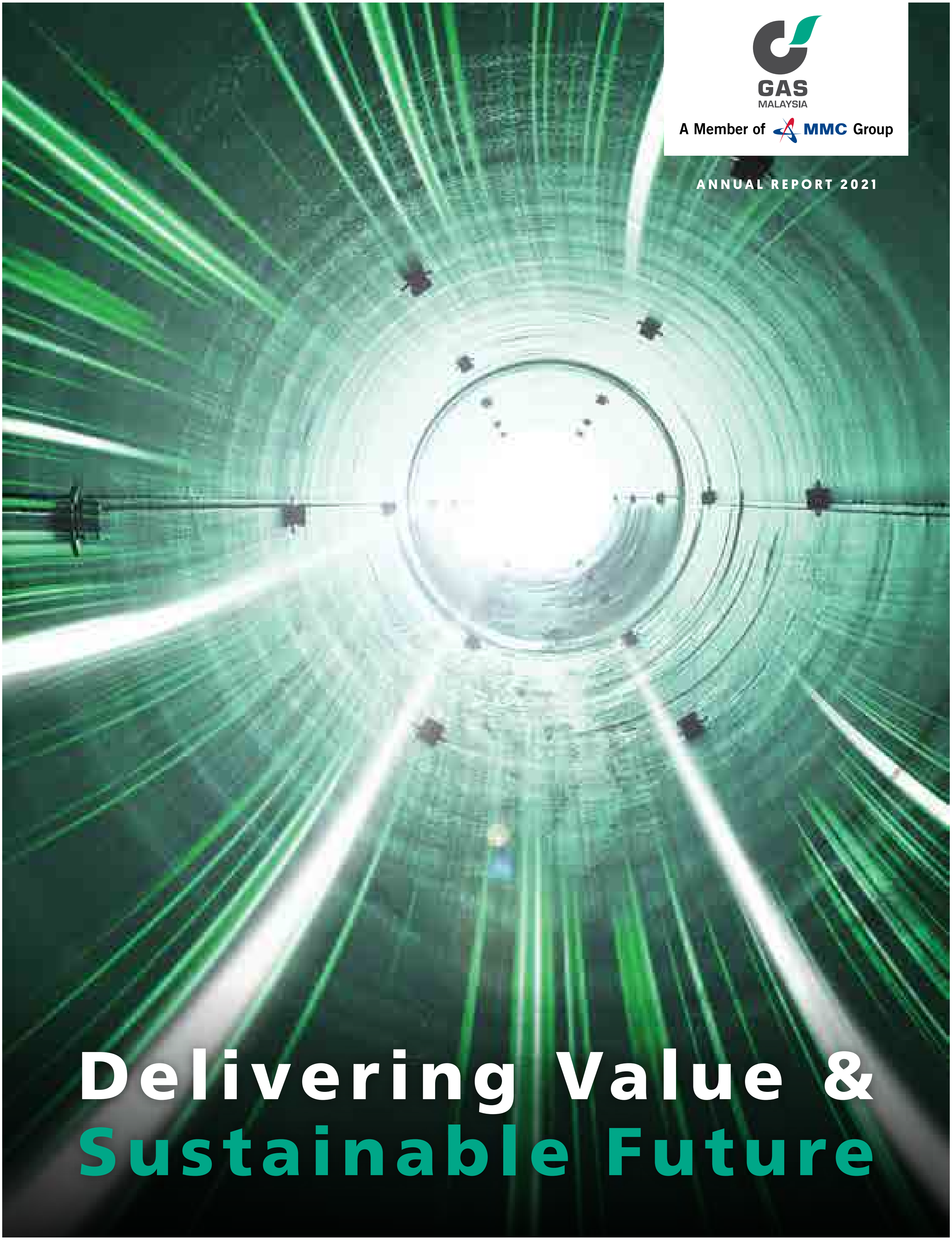
GAS MALAYSIA

A Member of MMC Group

ANNUAL REPORT 2021



# Delivering Value & Sustainable Future

# Inside This Report

# Reading Our Report

## HOW WE HAVE STRUCTURED OUR REPORT

### REPORTING STRUCTURE AND FRAMEWORKS

Gas Malaysia Berhad's Annual Report for the financial year ended 31 December 2021 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 2021 to 31 December 2021. 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*

# About Us

## ENERGY SOLUTIONS PROVIDER FOR THE CUSTOMERS

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") 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 as amended by Gas Supply (Amendment) Act 2016 to supply and sell reticulated natural gas in Peninsular Malaysia.

2021 was a transitional period from the previous regime to the implementation of Third-Party Access ("TPA") regulatory framework. We further strengthened our position in the industry value chain to prepare ourselves for a full market liberalisation in 2022, after the successful unbundling of our business operations in 2019 into two separate entities which are the gas distributor and gas shipper.

These two entities, namely Gas Malaysia Distribution Sdn Bhd ("GMD") and Gas Malaysia Energy and Services Sdn Bhd ("GMES"), which are both wholly owned by Gas Malaysia, were awarded a distribution license and shipping license from the regulator. GMD was granted a 20-year distribution license which allows it to take up the role as a gas distributor through its 2,706 kilometres of NGDS throughout Peninsular Malaysia. GMD also develops, operates and maintains 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 946 commercial customers and 12,538 residential customers. In total, our customer base stands at 13,484.

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, and Gas Malaysia Synergy Drive 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**

*For more information, please visit www.gasmalaysia.com.*

### Vision

*To be an innovative and value-added premier energy solutions provider*

### Mission

*To provide the cleanest, safest, cost-effective and reliable energy solutions to our customers*

### INDUSTRIAL CUSTOMERS

**998 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.

### COMMERCIAL CUSTOMERS

**1,825 Commercial Customers**

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

### RESIDENTIAL CUSTOMERS

**22,873 Residential Customers**

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

# Our Presence

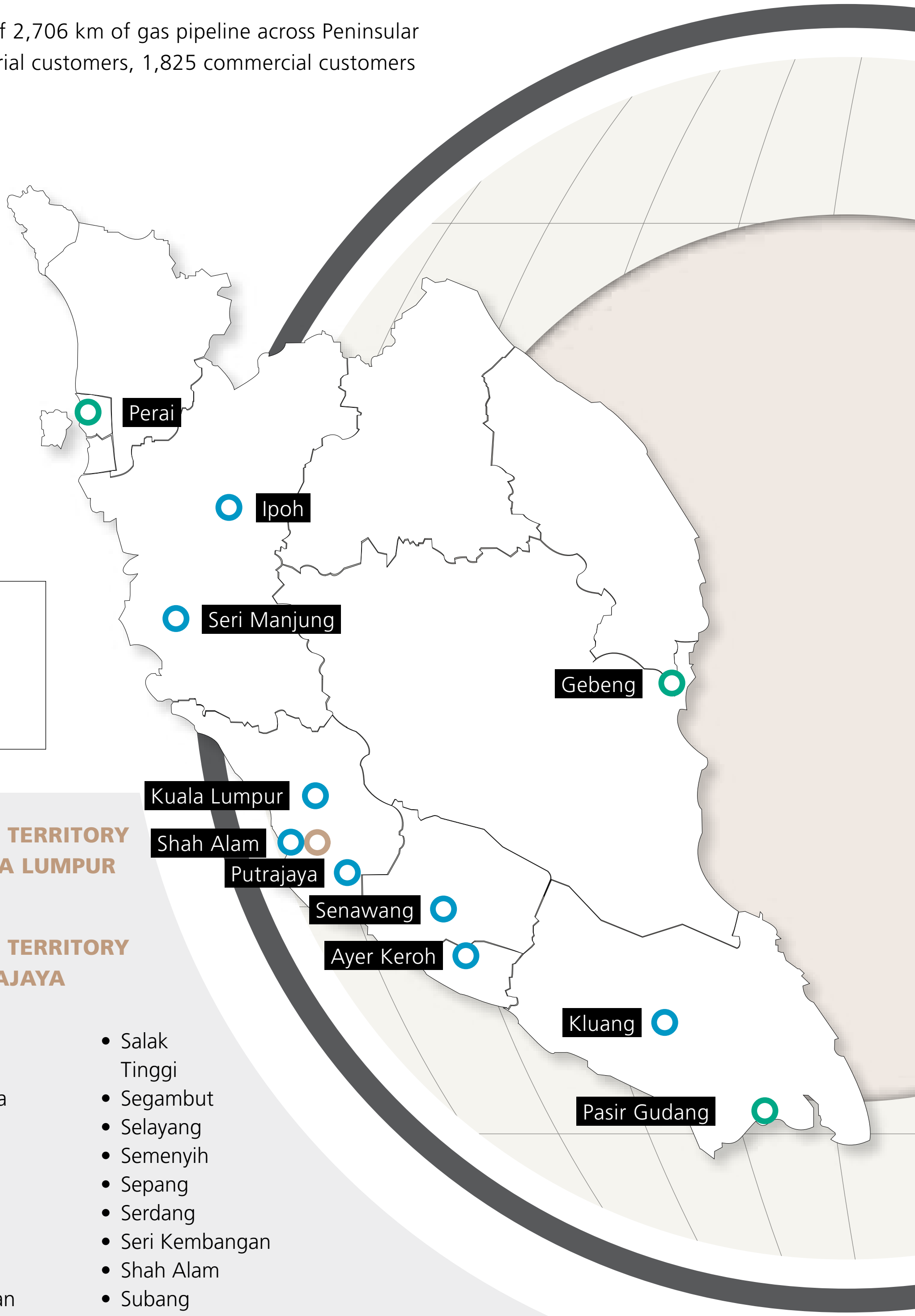
## WHERE WE OPERATE

At Gas Malaysia, we have developed a total of 2,706 km of gas pipeline across Peninsular Malaysia, supplying natural gas to 998 industrial customers, 1,825 commercial customers and 22,873 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

**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

# Our Presence

- Head Office
- Regional Offices
- Branch Offices

## Northern Region


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

Tel : +604-384 2120 / 2133
Fax : +604-384 2160

**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
- Ipoh
- Seri Manjung

## Eastern Region

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

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

**PAHANG**
- Gebeng
- Kuantan Port
- Gambang

**TERENGGANU**
- Kerteh
- Teluk Kalong

## Southern Region

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

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

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

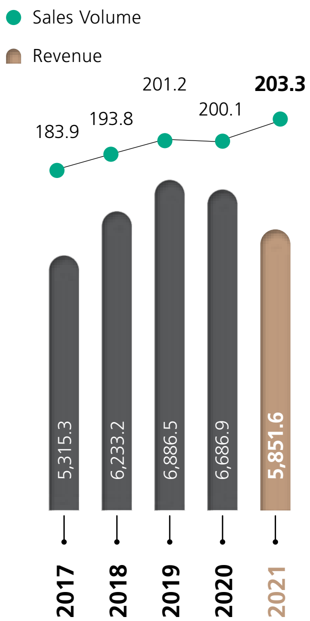
**NEGERI SEMBILAN**
- Senawang
- Sendayan
- Seremban 2

**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

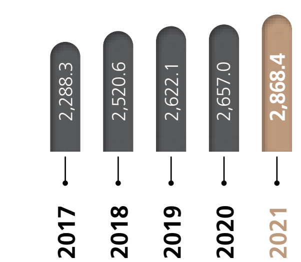
# Five-Year Financial Summary

## PERFORMANCE HIGHLIGHTS OF THE YEAR

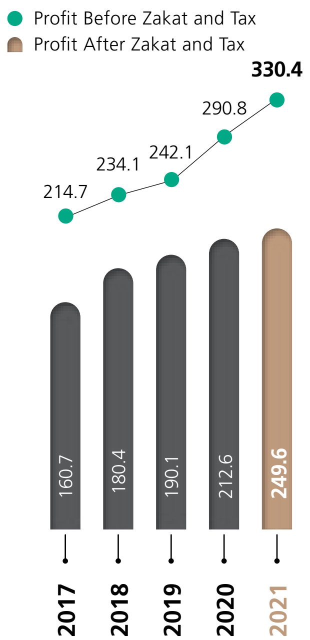
### SALES VOLUME
(MMBtu Million)
**REVENUE** (RM Million)



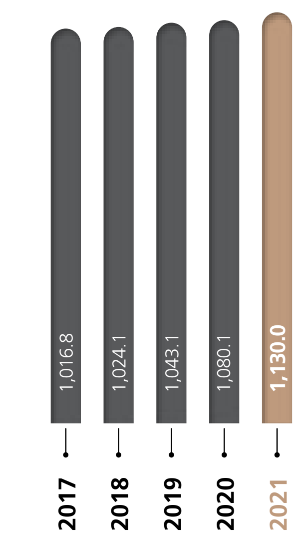

### TOTAL ASSETS
(RM Million)



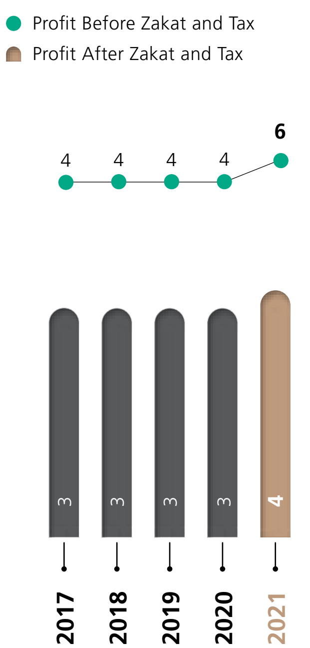

### PROFIT
(RM Million)



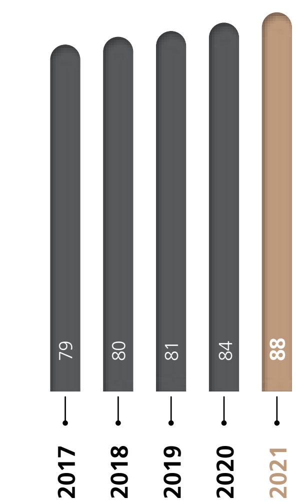

### SHAREHOLDERS' FUNDS
(RM Million)



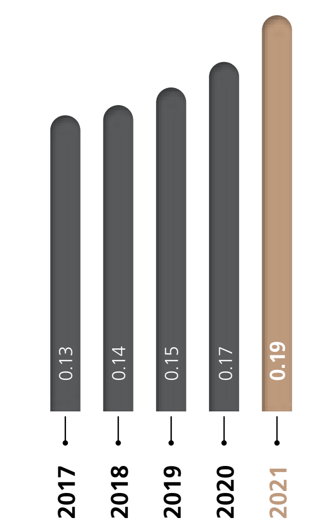

### PROFIT AS % OF REVENUE (%)



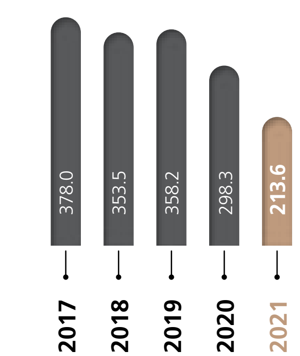

### NET TANGIBLE ASSETS PER SHARE (Sen)




### EARNINGS PER SHARE
(RM)




### LONG TERM LIABILITIES
(RM Million)



# *Five-Year Financial Summary*

| | 2017 Restated | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **Sales Volume (MMBtu Million)** | 183.9 | 193.8 | 201.2 | 200.1 | **203.3** |
| **KEY OPERATING RESULTS** (RM Million) | | | | | |
| **Revenue** | 5,315.3 | 6,233.2 | 6,886.5 | 6,686.9 | **5,851.6** |
| **Profit Before Zakat and Tax ("PBZT")** | 214.7 | 234.1 | 242.1 | 290.8 | **330.4** |
| **Profit After Zakat and Tax ("PAZT")** | 160.7 | 180.4 | 190.1 | 212.6 | **249.6** |
| **Profit After Zakat, Tax and Minority Interests** | 161.1 | 180.4 | 190.1 | 212.6 | **249.6** |
| **PROFIT AS % OF REVENUE** | | | | | |
| **PBZT** | 4% | 4% | 4% | 4% | **6%** |
| **PAZT** | 3% | 3% | 3% | 3% | **4%** |
| **KEY FINANCIAL POSITION DATA** (RM Million) | | | | | |
| **Total Assets** | 2,288.3 | 2,520.6 | 2,622.1 | 2,657.0 | **2,868.4** |
| **Shareholders' Funds** | 1,016.8 | 1,024.1 | 1,043.1 | 1,080.1 | **1,130.0** |
| **Total Liabilities** | 1,271.5 | 1,496.4 | 1,579.0 | 1,576.9 | **1,738.4** |
| **Paid-up Capital** | 642.0 | 642.0 | 642.0 | 642.0 | **642.0** |
| **KEY FINANCIAL RATIOS** | | | | | |
| **Revenue per Employee (RM Million)** | 10.914 | 12.367 | 12.993 | 12.269 | **10.375** |
| **PBZT per Employee (RM Million)** | 0.441 | 0.464 | 0.457 | 0.534 | **0.586** |
| **PAZT per Employee (RM Million)** | 0.330 | 0.358 | 0.359 | 0.390 | **0.443** |
| **Earnings per Share (Sen)** | 12.5 | 14.0 | 14.8 | 16.6 | **19.4** |
| **Dividend per Share (Sen)** | 13.0 | 13.5 | 14.1 | 15.05 | **17.67** |
| **Net Tangible Assets per Share (Sen)** | 79.2 | 79.8 | 81.2 | 84.1 | **88.0** |
| **HUMAN RESOURCE** | | | | | |
| **Number of Employees** | 487 | 504 | 530 | 545 | **564** |

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

# Investor Relations

## OPERATING WITH RESILIENCE

| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|---|---|---|---|---|
| **Earnings per Share (sen)** | 12.5 | 14.0 | 14.8 | 16.6 | **19.4** |
| **Dividend per Share (sen)** | 13.0 | 13.5 | 14.1 | 15.05 | **17.67** |
| **Year End Closing Price (RM)** | 2.89 | 2.83 | 2.75 | 2.72 | **2.65** |
| **Market Capitalisation (RM billion)** | 3.7 | 3.6 | 3.5 | 3.5 | **3.4** |

During the year, demand for natural gas was impacted by the Movement Control Order ("MCO") imposed to curb the spread of Covid-19. Demand fell from May to July before it gradually resumed to normalcy in November as the local economy re-opened. The already weak demand was made worse by the rising competition for market share as a result of the implementation of Third-Party Access. All these disruptions occurred against the backdrop of rising political uncertainty and growing economic distress due to rising prices and supply disruption.

The way companies respond to the above challenging events tests the strength of their people, their cultures, and their corporate strategy. Faced with such volatile and challenging conditions, Gas Malaysia responded to the events of 2021 with resilience and agility – affirming our strategy, maintaining our priorities and delivering our commitments to our shareholders.

We recognise the need to deliver value for our shareholders, and to work with all stakeholders in a world which is slowly but surely moving towards a low carbon-energy. We are embracing this future and are aligning our strategies to achieve these commitments.

### COMMUNICATION WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Gas Malaysia recognises the importance of regular periodic communication even as we adjust to the Covid-19 induced "new normal", not only to effectively control the flow of information between its shareholders and stakeholders but to also promote the attractiveness of the company as a viable investment.

Our Investor Relations ("IR") team continues to conduct virtual meetings regularly while adapting to the movement restrictions. We have also step up our communication efforts to keep our valued shareholders and investors abreast of our performance and business updates, respond to any queries and concerns.

In accordance with the Main Market Listing Requirements and the Corporate Disclosure Guide, Gas Malaysia issued timely financial statements and conducted regular engagements and quarterly briefings to investment analysts and valued shareholders.

## CHANNELS OF COMMUNICATION AND IR ENGAGEMENT

Covid-19 pandemic forced us to adapt to the available technologies at our disposal and pivot to virtual platforms faster than we had anticipated originally. With physical meetings being an event to be avoided unless absolutely necessary, we had to resort to hybrid engagement methods with the shareholders as ultimately IR is about building trust. On the bright side, the virtual medium also offers flexibility to reach-out to a larger audience.

### The number of engagements conducted in 2021

| | |
|---|---|
| **One-to-One Meeting** | **19** |
| **Group Meeting (via Con-Call, Teams and Zoom)** | **70** |
| **Quarterly Results Briefing** | **4** |
| **Economic Talks for Management** | **2** |

The above engagements were conducted with Investment Analysts, Portfolio Managers and Institutional Investors to improve awareness on our latest developments and financial performance. It is also to keep our valued investors informed of Gas Malaysia's business operations, strategic direction and latest performance.

## ANALYSTS' RESEARCH COVERAGE

As at 31 December 2021, active research coverage on Gas Malaysia are provided by 10 research houses as summarized below:

| NO. | BROKER/ANALYST | RECOMMENDATION | TARGET PRICE |
|---|---|---|---|
| 1 | CGS CIMB Securities | ADD | 2.99 |
| 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 | Alliance DBS Research | BUY | 3.00 |
| 6 | Kenanga Investment Bank | OUT-PERFORM | 3.00 |
| 7 | Affin Hwang Capital Research | BUY | 3.10 |
| 8 | BIMB Securities | BUY | 3.37 |
| 9 | Maybank Investment Bank | HOLD | 2.80 |
| 10 | UOB Kay Hian Securities (M) | HOLD | 2.05 |

Our IR team will continue its efforts in engaging with the investment analysts and the portfolio managers to showcase our investment attributes.

# *Investor Relations*

## FINANCIAL CALENDAR

**ANNUAL GENERAL MEETING**
19 MAY 2022

**ENTITLEMENT TO 2021 FINAL DIVIDEND**
1 JULY 2022

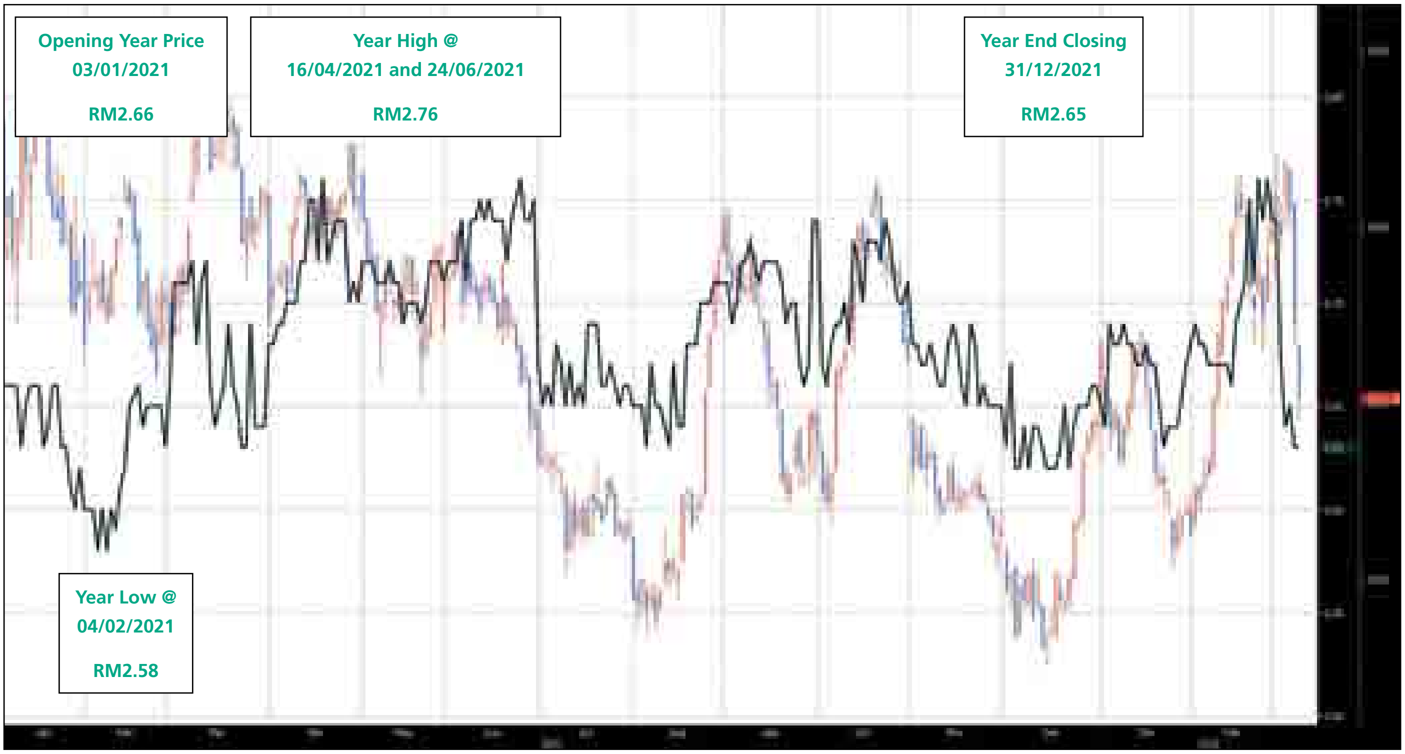
**PAYMENT OF 2021 FINAL DIVIDEND**
27 JULY 2022

### ANNOUNCEMENT OF RESULTS

| 1ST QUARTER | 2ND QUARTER | 3RD QUARTER | 4TH QUARTER |
|---|---|---|---|
| 5 MAY 2021 | 17 AUGUST 2021 | 19 NOVEMBER 2021 | 16 FEBRUARY 2022 |

## SHARE PRICE PERFORMANCE

GMB VS FBM KLCI (Chart Data from Bloomberg)




### 2021 Monthly Average Volume, Highest & Lowest share price sourced from Bloomberg

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg Vol ('000)** | 57,216 | 103,065 | 84,361 | 142,781 | 105,871 | 49,629 | 42,176 | 58,315 | 111,114 | 89,370 | 47,462 | 20,036 |
| **Highest (RM)** | 2.66 | 2.66 | 2.72 | 2.76 | 2.72 | 2.76 | 2.69 | 2.71 | 2.74 | 2.74 | 2.69 | 2.67 |
| **Lowest (RM)** | 2.60 | 2.58 | 2.63 | 2.68 | 2.69 | 2.67 | 2.65 | 2.63 | 2.66 | 2.66 | 2.65 | 2.62 |

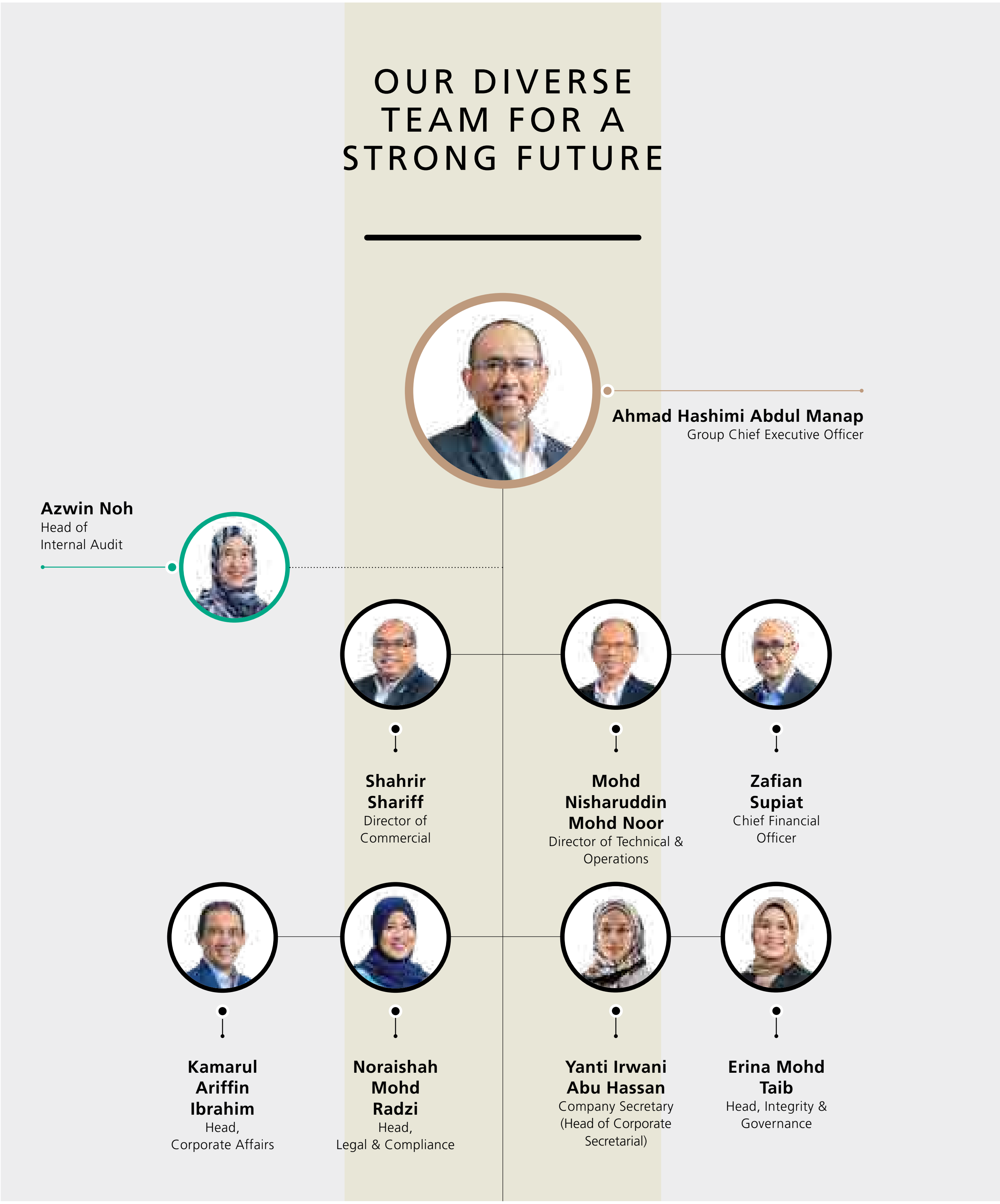
## MATERIAL ANNOUNCEMENTS THROUGHOUT 2021

| DATE | MATERIAL ANNOUNCEMENTS |
|---|---|
| 12 Jan 2021 | Natural Gas selling price for GMES in Peninsular Malaysia |
| 26 Feb 2021 | 4Q FY2020 Consolidated Results Announcement |
| 26 Feb 2021 | 2020 2nd Interim Dividend Declaration |
| 30 Mar 2021 | 2020 Final Dividend Declaration |
| 31 Mar 2021 | Distribution Tariff for GMD Sdn Bhd in Peninsular Malaysia |
| 09 Apr 2021 | Natural Gas selling price for GMES in Peninsular Malaysia |
| 05 May 2021 | 1Q FY2021 Consolidated Results Announcement |
| 25 May 2021 | Outcome of 30th Annual General Meeting |
| 29 Jun 2021 | Change in Boardroom – Resignation of Datuk Haji Hasni bin Harun as Chairman and appointment of Tan Sri Wan Zulkiflee bin Wan Ariffin in place thereof |
| 09 Jul 2021 | Natural Gas selling price in place there of for GMES in Peninsular Malaysia |
| 17 Aug 2021 | 2021 1st Interim Dividend Declaration |
| 17 Aug 2021 | 2Q FY2021 Consolidated Results Announcement |
| 11 Oct 2021 | Distribution Tariff for GMD in Peninsular Malaysia |
| 11 Oct 2021 | Natural Gas selling price for GMES in Peninsular Malaysia |
| 19 Nov 2021 | 3Q FY2021 Consolidated Results Announcement |

### EVENT : ECONOMIC TALK FOR THE MANAGEMENT TEAM

On 16 February and 2 August 2021, we organised virtual dialogue sessions for the management of Gas Malaysia Berhad at our head office in Shah Alam. The talk was intended to provide a better perspective to the management team on the dynamics at play in navigating the company towards business recovery amidst the challenging business environment and dealing with the aftermath of Covid-19 pandemic.

# Organisation Chart



# Corporate Highlights 2021

**08**
**February**

## ASSISTANCE TO FLOOD VICTIMS

As a caring and responsible corporate citizen, we are committed to reaching out to the unfortunate. In line with this commitment, we aided about 85 families who were affected by the floods in Kluang, Johor by providing them with household items such as rice cookers and blankets.

**01**
**March**

## INFORMATION MEETING & LONG-SERVICE AWARD CEREMONY

The annual Information Meeting & Long Service Award ceremony was held at Gas Malaysia's Training and Resource Centre in Shah Alam. This event is organised to formally acknowledge the contribution of long-serving employees and to share the company's yearly performance as well as future direction.

**09**
**March**

## ANUGERAH PEMBAYAR CUKAI TERBAIK 2020 (2020 BEST TAXPAYER AWARD)

Gas Malaysia Distribution Sdn Bhd, a wholly owned subsidiary of Gas Malaysia Berhad, received the Anugerah Pembayar Cukai Terbaik 2020 (2020 Best Taxpayer Award) in conjunction with Sambutan Hari Hasil ke-25 ($25^{th}$ Revenue Day Celebration).

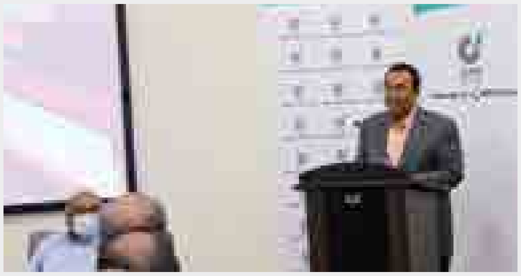
**02**
**April**

## COLLABORATION WITH THE STATE GOVERNMENT OF PERLIS

Gas Malaysia Distribution Sdn Bhd signed an Infrastructure Development Agreement with the Perlis State Government for the construction of Natural Gas Distribution System to the Chuping Valley Industrial Area Development Project. This gas infrastructure development project will strengthen our presence in Perlis.

*Corporate Highlights 2021*

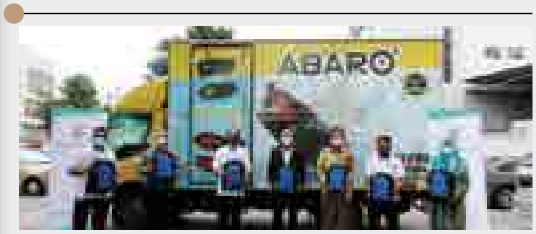
06
April



## GAS MALAYSIA 30,30

The Management of Gas Malaysia Berhad has charted a new strategic direction to ensure the company is on a growth trajectory in the long term. Hence, the birth of the idea Gas Malaysia 30,30 was launched on 6 April. In reflection of this, a launching ceremony was held at our Resource and Training Centre in Shah Alam.

08
April



## BACK-TO-SCHOOL PROGRAMME

We understand the importance of education towards supporting societal development. In light of this, we aided about 150 underprivileged students (under the B40 category) from Sekolah Kebangsaan Shah Alam, Seksyen 16 by providing them with school necessities.

28
April

## YASSIN RECITAL

In conjunction with the holy month of Ramadhan and Nuzul Quran, we conducted a Yassin recital session at our head office in Shah Alam. The congregation also saw the participation of Gas Malaysia employees virtually, who are based throughout Peninsular Malaysia.

03
May

## BUBUR LAMBUK DISTRIBUTION

We organised a *'bubur lambuk'* distribution event to employees for Iftar. Due to the Covid-19 outbreak, we implemented the drive-through concept allowing employees to collect their packed bubur lambuk in a safe manner.

**07 May**

## TAKBIR RAYA AND IFTAR

Takbir Raya Aidilfitri was attended by the Management of Gas Malaysia at our Resource and Training Centre in Shah Alam.

On the same day, we also distributed packed food to all employees for Iftar, after the Takbir session. Appropriate safety measures were observed to safeguard the health and safety of those involved in this initiative.

**25 May**


## 30TH ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") was held virtually on 25 May and it was broadcasted from Gas Malaysia's Resource and Training Centre in Shah Alam. The AGM was conducted in the new norm to protect the health and safety of our shareholders due to the unprecedented condition caused by the Covid-19 outbreak.

**03 June**

## DIALOGUE SESSION BETWEEN GROUP CHIEF EXECUTIVE OFFICER AND BRANCH LEADERS

In response to the Covid-19 outbreak, the Group Chief Executive Officer ("GCEO"), Encik Ahmad Hashimi Abdul Manap engaged with branch leaders throughout Peninsular Malaysia with an aim to provide guidance and improve employee morale. Further to this, it provided a platform for the GCEO to address pertinent Covid-19 issues and operational matters raised by the branch leaders.

*Corporate Highlights 2021*

16
June

## MEDIA ENGAGEMENT

As part of our engagement effort with members of the media, Gas Malaysia made presence in BERNAMA Radio's *'Temu Bual Radio'* programme. The theme of the discussion was focused on the liberalisation of the natural gas market, the unbundling of our business operations and measures undertaken by the company in curbing the spread of the Covid-19 virus.

02
July

## DONATING ESSENTIAL HOUSEHOLD ITEMS TO THE NEEDY

We strive to improve the quality of life of the underprivileged through an agenda that cultivates better communities tomorrow. In reflection of this, we distributed essential household items to about 200 needy families during the pandemic. The first batch of recipients were from PPR Lembah Subang Flats, Petaling Jaya followed by recipients from Pangsapuri Sri Nervillia, Kota Kemuning.

22
July

## DONATING MEDICAL EQUIPMENT TO HELP COMBAT COVID-19

With a resolute commitment to play a supporting role in mitigating the Covid-19 impact, Gas Malaysia extended help to the frontliners by donating medical equipment to three hospitals, namely, Hospital Selayang, Hospital Serdang and Hospital Shah Alam. This was our way of making a positive impact to the community by assisting the frontliners in their battle against the virus.

06
August

## HEALTH TALK

In line with government's efforts in implementing the National Covid-19 Immunisation Programme and gradually moving the nation towards the road to recovery, we organised health talks for our employees focussing mainly on the importance of Covid-19 vaccination. Reputable speakers were invited to conduct health talks for the benefit of Gas Malaysia employees.

**09 August**

## COURTESY VISITS

As part of our stakeholder engagement programme, Tan Sri Wan Zulkiflee Wan Ariffin, together with the Senior Management team, conducted their first meeting to the Economic Planning Unit ("EPU").

Subsequently, another similar visit was organised to Suruhanjaya Tenaga ("ST"). Both engagement sessions served as a platform to introduce our new Chairman of Gas Malaysia and to share about the future direction of the company.

**24 August**

## DONATING FOR A CHARITABLE CAUSE

As part of our continuous commitment to assist the needy, we contributed essential household groceries to about 500 local hawkers at Pusat Penjaja Dataran Bukit Antarabangsa, Pantai Dalam. This initiative was a collaboration between Gas Malaysia Berhad, Pusat Pungutan Zakat-Majlis Agama Islam Wilayah Persekutuan ("PPZ-MAIWP") and Majlis Agama Islam Wilayah Persekutuan ("MAIWP").

**27 August**

## MOTORCYCLE REFUELLING CAMPAIGN

We continued to create a positive impact in areas where we operate by organising a motorcycle refuelling campaign to subsidise the petrol refill cost for motorcycles below 170cc. This effort is to aid the lower income group amidst the adverse impact of the Covid-19 outbreak. Themed *'Kempen Tuang Minyak - Awak Isi, Kami Bayar'*, this initiative was held at selected petrol stations, simultaneously in areas where Gas Malaysia conducts its operations throughout Peninsular Malaysia.

# Corporate Highlights 2021

**05 October**

## AWARD CEREMONY - GCEO VIDEO CLIP CHALLENGE

In conjunction with Hari Raya Aidilfitri and as part of our engagement initiative, employees were tasked to produce a 3-minute video themed 'Celebrating Hari Raya Aidilfitri In The New Normal'. Subsequently, a ceremony was held to award the winner of the competition. The 'GCEO Hari Raya Video Clip Challenge' competition is an effort to further engage with our talent pool and encourage a collaborative workplace culture.

**07 October**

## WORKING VISIT TO THE EMBASSY OF ARGENTINA

Encik Ahmad Hashimi Abdul Manap, made a working visit to the Embassy of Argentina. H.E. Mr. Manuel Balaguer Salas, the Ambassador of Argentina and Mr. Jorge Oscar Abate, the embassy counsellor welcomed delegates from Gas Malaysia. The working visit provided both parties with an avenue for a productive discussion on potential collaboration with Argentinian companies to explore business potential within the gas industry value chain.

**13 October**

## MALAKOFF AND GAS MALAYSIA FORM STRATEGIC ALLIANCE

Tapping into the prospects of strategic partnerships, Gas Malaysia and Malakoff Corporation Berhad established a joint venture company, Malakoff Gas Malaysia Cogen O&M Sdn Bhd. This joint venture agreement brought together the expertise and resources of both parties to undertake Operations and Maintenance ("O&M") services for cogeneration plants in Malaysia.

28
October

## FABRIC RECYCLING – UNIVERSITI PUTRA MALAYSIA

In continuing our efforts to inculcate the culture of recycling, we launched a fabric recycling bin at Universiti Putra Malaysia. At present, Gas Malaysia has adopted five fabric recycling bins and it has been installed at various locations to encourage the involvement of the surrounding community. With this effort, it is hoped that it will reduce the increasing number of unwanted fabrics being disposed of in landfills and at the same time protect the environment.

15
November

## TOWN HALL SESSION WITH THE CHAIRMAN

We organised a town hall session at our Resource and Training Centre with the presence of Gas Malaysia's Chairman, Tan Sri Wan Zulkiflee Wan Ariffin. The session was attended by the Management team and provided a platform for the team to engage with the Chairman.

22
November

## SELANGOR SULTAN ACCEPTS ZAKAT CONTRIBUTION FROM GAS MALAYSIA

On 22 November, 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, on behalf of the Selangor Zakat Board (Lembaga Zakat Selangor), from Gas Malaysia.

The zakat was handed over to the Sultan by Gas Malaysia's GCEO, Encik Ahmad Hashimi Abdul Manap at a ceremony held at Istana Alam Shah, Klang.

23
November

## LIGHT & EASY WITH GCEO

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

# *Corporate Highlights 2021*

24
November

## MYGAS 2021 – MALAYSIAN GAS SYMPOSIUM

Malaysian Gas Association ("MGA") organised a Malaysian Gas Symposium ("MyGAS 2021") with the theme, "Role of Gas In The Pathway Towards Carbon Neutral Malaysia by 2050". The forum brought together policy makers and industry expert to discuss pertinent matters on the Malaysian gas industry and the possibility of a sustainable low carbon future. As a corporate member under MGA, Gas Malaysia was one of the official sponsors.

02
December

## GAS SALES AGREEMENTS – SIGNING CEREMONY BETWEEN GMES & PEGT

Gas Malaysia Energy and Services Sdn Bhd ("GMES"), a wholly-owned subsidiary of Gas Malaysia Berhad, has signed Gas Sales Agreements ("GSAs") with PETRONAS through its Marketing arm PETRONAS Energy & Gas Trading Sdn Bhd ("PEGT"). The deal involved the continuation of a long-term supply of natural gas from PEGT to GMES in an effort to support Malaysia's energy supply security, provide social and economic growth and contribute to the success of gas market liberalisation.

04
December

## MGA GOLF 2021 – 'JOM RECONNECT'

Malaysian Gas Association ("MGA"), organised a golf challenge for its corporate members at Palm Garden Golf Club, Putrajaya. Being a corporate member under MGA, Gas Malaysia participated and it was an occasion for MGA members to reconnect with industry peers and strengthen acquaintance in a casual golfing session.

**08 December**

## LOGO & SLOGAN CONTEST IN CONJUNCTION WITH 30TH ANNIVERSARY

In conjunction with our upcoming 30th anniversary in 2022, we organised a contest for employees, called *'Pertandingan Reka Cipta Logo & Slogan Sempena Ulangtahun Ke-30 Gas Malaysia Berhad'*.

The competition allowed employees to showcase their creative talents and propose interesting logo ideas and designs for Gas Malaysia's upcoming 30th anniversary celebration.

**13 December**


## THE EDGE BILLION RINGGIT CLUB CORPORATE AWARDS CEREMONY

Gas Malaysia was conferred with the prestigious award for 'Highest Return on Equity Over Three Years' under the Utilities Sector at The Edge Billion Ringgit Club Corporate Awards 2021 ceremony. We are pleased to have received this recognition for the third consecutive year under the same category.

**15 December**

## SELANGOR FC HIGH TEA SESSION

Gas Malaysia has partnered with Selangor FC to contribute to its FAS Local Giant Programme over a three-year period, with the aim of transforming the Selangor football team to achieve its goals.

As part of the sponsorship and as a token of appreciation, Selangor FC hosted a high tea session for local businesses, with the presence of Duli Yang Teramat Mulia Raja Muda Selangor Tengku Amir Shah Ibni Sultan Sharafuddin idris Shah Al-Haj, the patron of Selangor FC.

# Corporate Highlights 2021

**15 December**


## MOTORCYCLE REFUELLING CONTINUATION CAMPAIGN

As part of its ongoing commitment to aiding the needy, Gas Malaysia conducted a Motorcycle Refuelling Campaign in the Klang Valley and Perai. The same campaign was previously held on 27 August at Ayer Keroh, Pasir Gudang, Gebeng, Manjung and Senawang.

In total, about 1,250 motorcyclists benefitted from this CSR initiative.

**21 December**

## FLOOD RELIEF EFFORTS

In response to the flash flood incident which impacted several states, Gas Malaysia instantly channelled compassionate aid to flood victims by donating daily essentials to Masjid Al-Faizin, a flood relief centre based in Shah Alam. Masjid Al-Faizin sheltered about 87 families temporarily taking refuge at the mosque as a result of the flood incident.

**24 December**

## RENDERING ASSISTANCE TO OUR EMPLOYEES

In the spirit of solidarity, we conducted post-flood clean-up activities at the homes of affected employees who has been adversely impacted due to the flood. In view of the untoward incident, volunteers from Gas Malaysia were equipped with necessary materials and mobilised in groups to help clean the homes of affected employees.

# Message from Chairman

## DEMONSTRATING RESILIENCE THROUGH STRONG FUNDAMENTALS

**TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN**

Chairman

**Dear Valued Shareholders,**

It is indeed an honour and privilege to deliver my first statement as the Chairman of Gas Malaysia. The year 2021 was a year where we focused on our efforts to strengthen our position in the domestic gas industry value chain and drive business performance in a challenging market environment.

On behalf of the Board, I am pleased to present Gas Malaysia's 2021 Annual Report for the year 1 January to 31 December 2021 ("FY2021"), which outlines the various efforts in delivering sustainable value for our shareholders, backed by our unrelenting focus on enhancing our operational excellence, responding to the evolving business landscape, and attending to customers' needs.

# *Message from Chairman*

## Rising Above a Challenging Environment

During the year, we faced the resurgence of the Covid-19 pandemic and the reimposition of the Movement Control Order ("MCO") in the second half of 2021 with the Group's monthly volume of natural gas sold in 2021 falling to its lowest level in July. Nonetheless, the gradual easing in Covid-19 containment measures and the introduction of the National Recovery Plan towards the end of the third quarter of 2021 increased economic activities, which was also reflected in the recovery of volume sold. Subsequently, the high vaccination rates achieved through the National Covid-19 Immunisation Programme has also helped to buoy business confidence.

Against this backdrop, Bank Negara Malaysia ("BNM") reported that Gross Domestic Product ("GDP") expanded by 3.1%, compared to the 5.6% contraction in 2020, largely due to the resumption of economic activities and continued policy support. In line with GDP growth, Gas Malaysia recorded a commendable performance in terms of gas volume sold as we have adapted to the challenges of the pandemic given the experience gained in the previous year and leveraging on our strong foundation.

In addition, as an essential service provider, we placed greater emphasis on business continuity by constantly maintaining our gas facilities to ensure minimal operational disruptions and uninterrupted gas supply to customers across all segments.

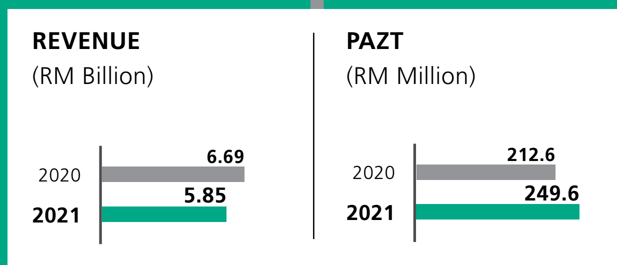
With the full implementation of the Third-Party Access ("TPA") and the advent of new market players in 2022, we strengthened our position in the gas industry value chain by entering into a joint-venture agreement with Malakoff Corporation Berhad ("Malakoff") and multiple Gas Supply Agreement ("GSA") contracts with the gas supplier.

As both Malakoff and Gas Malaysia are members of the MMC Group, the collaboration is to undertake operation and maintenance services of combined heat and power cogeneration plant that creates stronger synergies within the MMC Group. Additionally, it will allow us to capture more value from the cogeneration industry and realise on new opportunities for a long-term growth. Meanwhile, our partnership with the gas supplier will ensure continual supply of natural gas, as it supports the nation's energy security agenda. Apart from these strategic partnerships, we focused on growing our non-regulated business segments as part of our strategy to add new revenue streams and mitigate risks.

The Group's ability to continuously improve operational efficiencies and deliver long-term value was recognised for the third year in a row by the industry when we were awarded with the 'Highest Return on Equity Over Three Years' under the Utilities Sector at The Edge Billion Ringgit Club Corporate Awards 2021.

Throughout the year, the Group also paid close attention to the safety, health and well-being of our employees through continuous engagement and a strict adherence to Covid-19 standard operating procedures. We continued to assist the communities around us by donating essential medical equipment to three hospitals namely Hospital Shah Alam, Hospital Selayang and Hospital Serdang to help ease the burden of our medical frontliners. We also contributed groceries to about 500 affected traders and hawkers and provided financial assistance to the underprivileged school students for their Sijil Pelajaran Malaysia ("SPM") examinations' tuition.

### Financial Highlights




The Group's revenue for the year was lower at RM5.85 billion compared to RM6.69 billion in 2020. This was mainly due to the lower average natural gas tariff, mitigated by the higher volume of natural gas sold and the recognition of the revenue cap adjustment in 2021 to address the under-recovery of revenues arising from the variances between actual and estimated firm capacity reservations used in the determination of tariff rates for the utilisation of the NGDS owned by Gas Malaysia Distribution Sdn Bhd ("GMD").

The Group's Profit After Zakat and Tax ("PAZT") recorded an improvement of 17.4% to RM249.6 million in 2021, compared to RM212.6 million in 2020. This was in line with higher Earnings Before Interest Income, Zakat, Taxes, Depreciation and Amortisation ("EBITZDA") recorded during the current financial year mitigated by higher depreciation and amortisation, and taxation, as well as lower finance income.

### Dividends

For the financial year ended 2021, the Board had declared a first interim dividend payment of 4.80 sen per share on 17 August 2021. The second interim dividend of 6.00 sen per share was declared on 16 February 2022.

Together with the final dividend of 6.87 sen declared on 17 March 2022, the total dividend per share is 17.67 sen. This is equivalent to a total dividend amount of RM226.9 million.

| Dividend Payout Per Share | Total Dividend Payout RM |
| --- | --- |
| **17.67** sen | **226.9** million |
| 2020: 15.05 sen | 2020: RM193.4 million |

### Progressing in Our Sustainability Commitments

Over the last two years, Covid-19 has changed the way we work and live. It has accelerated the sustainability agenda by highlighting the inequalities around us, mainly on a social level, although its impact on the environment and governance has not been overlooked.

Notwithstanding the various challenges, we continued to reach out to communities as this is an integral component of Gas Malaysia. Throughout this period, the Group remained committed to advancing our corporate social responsibility agenda based on four key pillars, namely Community, Environment, Education and Sports.

We are cognisant of our responsibility to support the nation's net zero carbon emissions agenda by 2050, and we have been continuously advocating the use of natural gas as it is the cleaner form of fossil fuel and has a crucial role in powering the local economy. We remain firmly committed towards supporting the sustainability agenda as outlined under our own sustainability aspirations to meet current and future gas needs, without compromising the interests of future generations.

### Driving Strong Governance

Strong governance is the cornerstone of our organisation. We place great emphasis on upholding the principles of good governance, integrity and ethical conduct in delivering sustainable value to our stakeholders. Our policies and procedures are also constantly reviewed to ensure they meet the current and future demands of the business. For instance, the Board, through its Risk & Compliance Committee has oversight of our sustainability initiatives, demonstrating the integration of sustainability considerations within our business at the highest levels.

### Shaping the Future

With oil and gas prices on the rise, the global economy is expected to strengthen further, offering new growth opportunities for Gas Malaysia. However, we will continue to be vigilant considering the possibility of new Covid-19 virus variants. On the domestic front, BNM has projected GDP growth of between 5.5% and 6.5% for 2022. As such, volume growth for natural gas is expected to grow in tandem with GDP.

The gas industry has always remained resilient, supported by the strong underlying demand within Peninsular Malaysia. The outlook for FY2022 is expected to be exciting, with the much-anticipated launch of the National Energy Policy 2021-2040 that will outline Malaysia's roadmap towards achieving energy security and environmental sustainability.

# *Message from Chairman*

Moving forward, we believe that the liberalisation of the gas market and TPA kickstarting in 2022 will create a more vibrant yet competitive industry as it will open up to new industry players while simultaneously offering the Group attractive growth opportunities throughout the value chain.

The Group is optimistic about the future and continues to make strategic preparation as competition intensifies within our traditional business domain. Our focus has always been to offer a good value proposition to new customers and deliver a clear testament to our existing customers' appreciation on the value we bring to their business.

Gas Malaysia continues to expand infrastructure development with further expansion in the areas of Chuping Valley, Kedah Rubber City and Padang Meha for 2022. We are also proud to announce that Kinta Valley Project in the state of Perak is now 100% completed. This marks our continuous contribution to nation-building as the additional gas pipeline will go a long way towards improving the investment prospects of Perak.

On the other hand, we are exploring opportunities in non-core businesses within the spectrum. Some of the areas where we have already made headway in this context is our diversification into the operations and maintenance of cogeneration plants, advancing the non-regulated business as well as the injecting of biomethane into our NGDS. Biomethane is a green gas, considering that it is sourced sustainably from the palm oil mill effluent by-product of palm oil processing mills, and thus sets the scene for Gas Malaysia to be a catalyst for the greater use of green gases.

We will continue to take prudent measures to sustain our operations by optimising costs, increasing efficiencies and fostering sustainable growth by embracing new businesses that can add real value to the Group. In addition, we will strengthen our digital capabilities as it is crucial to helping us maintain our competitiveness as we adapt to customers' evolving demands. Further to this, we will nurture our employees' abilities to inculcate a high-performance culture with a set of behaviours and norms that leads us to achieve superior results. We will continue to provide numerous opportunities for learning and development, and career progression to equip our employees with the current industry demands.

The year 2022 also marks Gas Malaysia's 30th Anniversary, celebrating three decades playing a vital role in supporting nation building as we provide clean, safe and reliable energy solutions to power the nation's economic growth, which is backed by a talented and dedicated workforce. The last 29 years have given the Group the opportunity to reflect on the past and move forward on to the next chapter of our journey as a stronger, more resilient organisation.

## Acknowledgements

I wish to extend my sincere appreciation to our stakeholders, particularly our esteemed customers, regulatory bodies, Government agencies and authorities, financiers and business communities for their continued support and trust in Gas Malaysia throughout the year.

On behalf of the Board, I take this opportunity to express our greatest appreciation and gratitude to my predecessor, Datuk Haji Hasni Harun for his leadership and dedication during his tenure as Chairman. To all my fellow directors, thank you for your support, commitment and cooperation.

I would also like to thank Gas Malaysia Management team, led by Ahmad Hashimi Abdul Manap, Group CEO and his team for their commitment, perseverance and unwavering loyalty throughout the year.

While we have made considerable strides in strengthening our competitive advantage in the industry, we will not rest on our laurels. Together, we will continue to reaffirm our position as an innovative, value-added premier energy solution provider. We are confident of taking our performance to the next level, strengthening our foundations, and delivering real value to stakeholders.

Thank you.

**Tan Sri Wan Zulkiflee bin Wan Ariffin**
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,**

2021 was a year of transition and dynamism. The Covid-19 pandemic continued to make it necessary for business establishments to realign their business operations. From a business perspective, it was a year that demonstrated the immense need for business adaptability and resilience, two critical factors required to move forward within what can only be termed as a volatile period in history.

At Gas Malaysia, we have learnt to live with the pandemic. We stayed on course and went full steam ahead in strengthening our foundations for the future. In the face of adversity, we remained disciplined and focused on execution.

It gives me great pleasure to report that the Group was able to sustain its performance and returned commendable profits to our stakeholders. In summation, we remain committed to our purpose of delivering long-term value to our stakeholders.

# *Message from Group Chief Executive Officer: Management Discussion & Analysis*

## Living with Covid-19

In a year that witnessed the resurgence of Covid-19, we managed to make good progress in the first half of the financial year, as all macroeconomic signs pointed towards a strong recovery trajectory. However, the spread of more infectious variants of Covid-19 led to a slowdown in economic activities due to the enforcement of movement restrictions and lockdowns.

As an essential services provider, we were able to continue our operations and in doing so, centred our efforts on ensuring the safety and well-being of our employees and addressing the needs of the communities, while continuously making a positive impact on the environment. With the rollout of the National Covid-19 Vaccination Programme, we are pleased to report that more than 99% of our employees were fully vaccinated.

Steadfast in our commitments, we adapted with agility to rise above the challenges and deliver on our promises to customers, business partners and even to the community. It was truly one of my proudest moments to see our teams from different levels and business segments working together to meet the evolving needs of our customers.

As the national vaccination rate improved and the spread of the contagious Covid-19 variants was kept under control, economic activity gradually returned to full force with the easing of containment measures and lockdowns, enabling the Group to post a slight 1.5% growth in gas volume demand.

## Progressing in Our Strategies

Notwithstanding the operational challenges, we pushed ahead to realise our strategic goals – sustaining core business, becoming more customer-centric, growing the non-regulated business sectors and identifying new business opportunities. This in turn helped us gain a wider spectrum of customers as well as improved the demand for natural gas.

We have also been actively preparing for the full market liberalisation of the Third-Party Access ("TPA") regime, which will enhance competitiveness, optimise utilisation of gas infrastructure and introduce competitive pricing. We believe the entrance of new market players and implementation of competitive pricing will not only be beneficial to customers but also increase market efficiency and growth in the local gas industry.

At Gas Malaysia, we remained assured about our future. With decades of industry experience behind us, our unique market position, wide infrastructure network and extensive suite of services helped us to meet the challenges posed by the pandemic while supporting sustainable growth.

## Financial Highlights

### Revenue

Revenue for the year was lower at RM5.85 billion compared to RM6.69 billion in 2020. This was mainly due to the lower average natural gas tariff, mitigated by higher volume of natural gas sold and higher recognition of the revenue cap adjustment in 2021 to address the under-recovery of revenues arising from the variances between actual and estimated 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 RM5.52 billion in 2021 compared to RM6.40 billion in 2020, mainly attributed to the lower gas cost in line with lower average gas purchase price, mitigated by higher volume of natural gas sold.

a) Cost of Sales
   - Gas costs amounted to RM5.29 billion, which constituted approximately 97% of the total of RM5.45 billion in cost of sales.
   - The remaining 3% was primarily the result of depreciation and amortisation, which amounted to RM88.8 million and overheads for carrying out core business operations that totalled RM68.3 million.

b) Operating Expenses
   Operating expenses consisted mainly of human resource expenses and office expenditure. The total operating expenses for the year under review were RM66.4 million.

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

EBITZDA increased to RM419.0 million in 2021 compared with the RM365.6 million recorded in the previous year, mainly due to higher gross profit (excluding depreciation and amortisation) and lower administrative expenses, mitigated by share of losses from the Group's joint venture companies. The higher gross profit (excluding depreciation and amortisation) was in line with higher volume of natural gas sold coupled with higher recognition of revenue cap adjustment mitigated by higher overheads being part of cost of sales.

### Finance Costs

Finance costs amounted to RM10.4 million were payments made 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.

### Taxation

The Group's effective tax rate for the financial year ended 31 December 2021 of 23.6%, was lower than the statutory income tax rate in Malaysia, this was mainly attributed to the reversal of over provision for prior year's income tax and items not subject to tax, mitigated by under recognition of deferred tax liabilities arising from prior year.

The Group's tax expenses amounted to RM77.3 million in 2021, was higher compared to RM74.7million in 2020 in line with higher pre-tax profit generated during the financial year.

### Profit After Zakat and Tax ("PAZT")

The Group's PAZT recorded an improvement of 17.4% to RM249.6 million in 2021, compared to RM212.6 million in 2020. This was in line with higher EBITZDA recorded during the current financial year mitigated by higher depreciation and amortisation, and taxation, as well as lower finance income.

### Liquidity and Gearing Ratio

As of 31 December 2021, our cash and cash equivalents (including investment funds with licensed financial institutions) amounted to RM455.9 million. This was higher than the RM309.8 million in the previous year, mainly due to the higher cash from operations, consistent with the higher EBITZDA recorded during the current financial year.

For the year under review, the gross gearing ratio stood at 23%, which was lower than recorded in the previous year of 27%, despite the Group's continuous commitment to expanding our NGDS network. This was largely due to the higher cash 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 current financial year was RM125.3 million, which was primarily contributed by construction projects awarded in relation to the NGDS network and non-NGDS project. 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 RM280 million to RM310 million will be spent during the remaining 12 months of the first regulatory period ("RP1") in 2022. The sum will be utilised for the development of the Group's NGDS network and non-NGDS activities.

# *Message from Group Chief Executive Officer: Management Discussion & Analysis*

## Business Performance Review

Over the years, we have come to the realisation that we will constantly face challenges, but we managed to prevail resilient business model and leverage it to identify opportunities that will create value for our diverse stakeholders.

We stayed the course in our quest to deliver long-term value by meeting our NGDS development targets, building a strong customer base, improving operational excellence, and optimising our costs where possible.

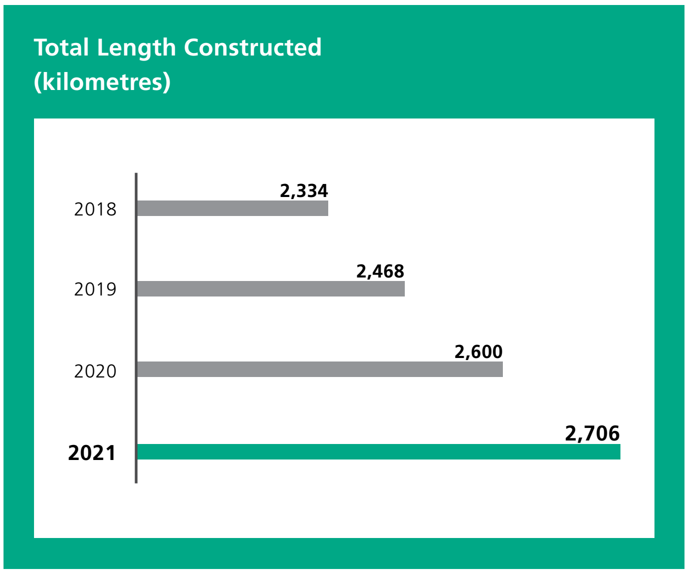
To sharpen our competitive edge further, we also made progressive strides in building new partnerships while simultaneously seizing new growth opportunities to strengthen our core business and to unlock the potential of our non-regulated business sectors. The Group took decisive, proactive actions that not only positioned Gas Malaysia for future growth but cemented our position as an innovative and value-added premier energy solutions provider.

### Network Expansion

Propelled by the need to drive the demand growth for natural gas, our wholly-owned subsidiary, GMD, had undertaken the expansion of our gas infrastructure network across Peninsular Malaysia.

Network expansion did slow down during the government-imposed MCOs to curtail the spread of Covid-19. Nevertheless, to ensure we had the proper infrastructure in place for the completion of projects, we were quick to deploy the mitigation plan to expedite the NGDS construction activities once the MCOs were lifted.

During the period under review, we successfully extended the infrastructure network to new areas namely Bidor, Sungai Choh and Lukut. By the end of FY2021, we had completed another 106km of gas pipeline and hence, had extended the NGDS network to the total of 2,706km.




### Building a Strong Customer Base

Gas Malaysia has always valued its relationship with the customers and our customers have always been at the forefront of everything we do. We are constantly looking for ways to meet their current and future needs.

Banking on 30 years' experience of servicing the customers, Gas Malaysia has the advantage as we understand our customers need and therefore able to anticipate the type of assistance required by the customers. Over the years, Gas Malaysia is continuously striving to enhance the quality of our after-sales services by using latest system-based solutions in order to provide an excellent customer experience. These top-notch services will continue to set us apart from any competitors.

For the year under review, we managed to secure 46 new industrial customers, 232 new commercial customers and 1,579 new residential customers.

| CUSTOMER SEGMENTATION | NATURAL GAS (NUMBER OF CUSTOMERS) | LPG (NUMBER OF CUSTOMERS) | SECTOR TOTAL |
|---|---|---|---|
| Industrial | 998 | - | 998 |
| Commercial | 879 | 946 | 1,825 |
| Residential | 10,335 | 12,538 | 22,873 |
| **Total Customers** | **12,212** | **13,484** | **25,696** |

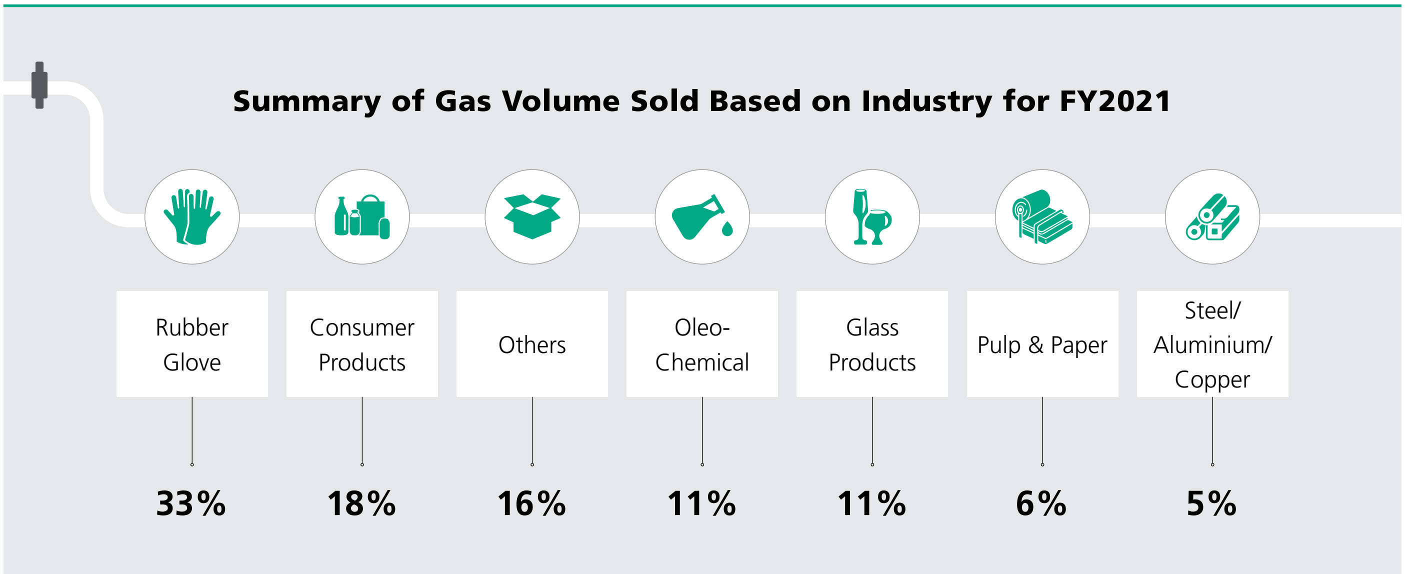
* *Number of customers as of 31 December 2021*

In terms of volume, the industrial segment continued to be the largest growth driver, accounting for over 99% of total gas volume sales.

| CUSTOMER SEGMENTATION | NATURAL GAS (MMBTU) | LPG (MMBTU) | SECTOR TOTAL |
|---|---|---|---|
| Industrial | 202,682,539 | - | 202,682,539 |
| Commercial | 469,909 | 139,737 | 609,646 |
| Residential | 27,114 | 29,815 | 56,929 |
| **Total** | **203,179,562** | **169,552** | **203,349,114** |

Most of our industrial customers are located in Selangor/Wilayah Persekutuan (41%), followed by Johor (16%), Negeri Sembilan/ Melaka (14%), Perak (11%), Perlis/Kedah/Pulau Pinang (10%), and Pahang/Terengganu/Kelantan (8%).

During the period under review, gas volume demand was driven mostly by rubber glove manufacturers, which made up 33% of total gas volume.




Moving forward, the Third-Party Access ("TPA") and full market liberalisation will bring new set of challenges. Nevertheless, the Group believes that given our strong and good customers relationship, we are able to adapt and undertake these challenges.

# *Message from Group Chief Executive Officer: Management Discussion & Analysis*

**Sustaining Operational Excellence and Operational Risk Management**

At Gas Malaysia, we are relentless in our efforts to achieve operational excellence. Throughout this period, we were able to maintain a safe work environment for our employees and reliable supply of gas to our customers across the various segments while striving to minimise the environmental impacts of our activities.

Despite the challenging business environment with various MCOs and lockdowns, the Group never compromised its gas supply reliability under any circumstances. This has long been our benchmark in sustaining the quality of our business operations.

Premised on this, we are pleased to share that we successfully maintained our gas supply reliability rate at approximately 99%.

As a testament to our resilience and unwavering commitment towards sustaining operational excellence, the Group recorded a System Average Interruption Duration Index ("SAIDI") of 0.1247 minutes of interruption per customer in FY2021, achieving a lower SAIDI as compared to 0.3286 minutes in the preceding year. SAIDI is the common and critical indices used by gas utility companies worldwide to measure pipeline network reliability. It measures the average duration that a connected customer is being affected by gas supply disruption in a year.

With the restrictions imposed during the MCOs, the Group's emergency response team was required to put in extra effort to respond to emergency situations within the targeted response time to ensure continued service and support as a dedicated natural gas distributor. Given these extremely challenging conditions, we managed to achieve a commendable performance of 25.76 minutes average response time in 2021, which is slightly above 22.51 minutes in 2020 and well below the targeted 90 minutes.

As an essential services provider, we place the utmost importance on delivering efficient and reliable service to our customers, from the receiving of gas at the entry point through the NGDS network to the delivery of gas at the exit point. In FY2021, we made further improvements to our Internal Gas Consumption ("IGC") requirements as they remained below 1%.

| PERFORMANCE INDICATOR | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| SAIDI (Average Minutes of Interruption per Customer) | 0.3299 | 0.1780 | 0.3286 | **0.1247** |
| Response Time (Average Minutes Taken to Dispatch Response Team) | 26.82 | 23.25 | 22.51 | **25.76** |

We recognise that operational risk management is also an essential component in driving performance and ensuring the sustainability of the Group over the long term. Therefore, we go to great lengths to ensure disruptions are minimised as this reflects on the integrity of our products and services.

Despite the challenging time that impacted the business environment in FY2021, we focused on maintaining the integrity of our assets and along with this, placed the highest importance on safety among our employees, our communities and the public.

For the NGDS network, we established a comprehensive operation and maintenance programmes that entailed daily inspections, periodic preventive maintenance, systematic troubleshooting and dedicated on-call emergency response team at all our operating offices. All of this was done to ensure that the integrity of our infrastructure remains intact to meet the needs of our customers across all spectrums – residential, commercial and industrial. Building on this, we continuously monitored our facilities to ensure there were no irregularities or unreported third-party works conducted near or at our facilities.

Cognisant of the fact that our customers depend on our assets, comprehensive safety, health and environmental protection measures were implemented and continuously enhanced via stringent policies and procedures to ensure the safe and reliable delivery of gas.

**Strengthening Our Position in Renewable and Sustainable Energy**

Renewable energy's prominence is expected to grow in the future due to heightened concerns regarding climate change, coupled with an increasing demand for environmental, social and governance ("ESG") considerations in business establishments. We remain committed to advancing our focus on growing our renewable energy business, namely biogas and biomethane.

Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"), a wholly owned subsidiary, spearheading our move into the biogas Renewable and Sustainable energy sector, has entered into a Gas Purchase Agreement with Sedenak Palm Oil Mill and Coronation Palm Oil Mill to buy the processes biogas produced by the mills, which will be injected into the NGDS network.

Meanwhile, the supply of biomethane from Coronation and Sedenak mills is expected to contribute a volume of 200,000 MMBtu and 250,000 MMBtu per annum, respectively. GMVP has also entered into Gas Purchase Agreements with several palm oil mills to purchase compressed processed biogas which will be delivered directly to customers or injected into the NGDS network.

**Virtual Pipelines –Taking Energy to New Heights**

In the last few years, we have paid close attention to growing our subsidiary GMVP, which distributes compressed natural gas ("CNG") to customers who are remote and not within the vicinity of the NGDS network or customers who are waiting to be connected to NGDS network.

We were able to navigate through the various movement restrictions to expand the business, and more significantly, this business is now contributing positively to our bottom line. In FY2021, our supplied volume has increased tremendously by 1.6 times from the previous year. In line with our growth strategy, we are expecting similar growth pattern to continue annually.

**Ensuring Steady and Reliable Gas Supply**

We continue our long-term partnership with our gas supplier in December 2021, following the signing of multiple Gas Supply Agreement ("GSA") contracts with different tenure period through our wholly owned subsidiary, Gas Malaysia Energy and Services Sdn Bhd ("GMES").

These deal are not just a continuation to the long-term supply of natural gas from the gas supplier to GMES, it also provides flexibility, allowing GMES to cater for various market demand in the future.

As part of the ongoing TPA, GMD currently has four gas shippers utilising its distribution pipelines. Moving forward, GMD is optimistic about growing its portfolio of shippers as market players fully embrace the TPA system.

# *Message from Group Chief Executive Officer: Management Discussion & Analysis*

**Forming a Strategic Alliance with Malakoff**

Cognisant of the fact that strategic alliances are vital to our long-term growth strategy, we entered into a joint venture with Malakoff Corporation Berhad ("Malakoff") to form Malakoff Gas Malaysia Cogen O&M Sdn Bhd to provide operations and maintenance ("O&M") services for cogeneration plants in Malaysia in October 2021. Through this joint venture, Malakoff's subsidiary, Malakoff Technical Solutions Sdn Bhd ("MTS"), will hold a 51% equity interest while the remaining 49% will be owned by Gas Malaysia's wholly-owned subsidiary, Gas Malaysia Venture 1 Sdn Bhd.

Leveraging the expertise of both companies, the Group will be able to offer O&M support to our own plants as well as to third-party cogeneration plants. We believe this will strengthen our presence in the natural gas value chain and diversify our income stream in the long term.

**Energy Efficiency**

As part of our commitment towards realising our business sustainability strategies, we own two cogeneration plants in the Northern ("33MW") and Central ("2MW") regions through our joint venture company, Gas Malaysia Energy Advance Sdn Bhd ("GMEA"). Cogeneration plants (or combined heat and power system or CHP plants) cater to customers who require electricity and steam/hot water as they are more efficient. They are also well-recognised for their ability to increase energy efficiency.


**Nurturing Talent**

Our employees are our greatest asset and the heartbeat of the Group. Throughout the year, they displayed deep commitment and excellent teamwork that enabled the Group to successfully navigate through the uncertainties. We are deeply honoured to work alongside such a competent team that has never shied away from any challenges.

While the environment in FY2021 was marred by the ongoing pandemic and prolonged MCO, we continued with our programmes to nurture employees' aspirations while at the same time taking into consideration their health, safety and overall well-being.

At Gas Malaysia, we constantly seek to create a healthy work environment where employees are constantly encouraged to take creative approaches to meet customer needs. Hence, it is important to have people with the right skill sets and capabilities as this will help raise productivity and deliver sustainable growth.

With this in mind, we developed numerous learning and development programmes to ensure our employees remained empowered, inspired and able to realise their full potential. Training programmes, both internal and external, were conducted to equip employees with the right knowledge, build on their strengths and prepare them for the future, given the open market atmosphere. This included upskilling our talent pool with the relevant abilities given the acceleration in digital adoption.

## Health, Safety and Environment

We continued to take stringent measures to ensure the safety and well-being of our employees, business partners, customers and the communities around us. As we adapted to the constant changes, our efforts were focused on mitigating risks pertaining to the spread of Covid-19 virus at workplace, gas network incidents, and occupational injury or illness including any negative impacts on the environment.

In FY2021, we strived to meet and exceed safety and health regulations. We are pleased to report that we achieved ZERO lost workday incident, which translates to over 1.83 million hours worked.

During the year under review, in line with our commitment to ensuring a safe and healthy working environment, we conducted a total of 123 health, safety and environment ("HSE") inspections and carried out 30 health, safety, environment and quality ("HSEQ") audit sessions at the workplace.

With the objective of enhancing our employees' knowledge, skills and competencies, 33 HSEQ induction and training sessions were conducted. A total of 22 table-top exercises and 15 emergency drills at the workplace were conducted to build our workforce preparedness for threats and hazards during emergency situations.

In 2021, we managed to maintain our internationally recognised management system standards, namely ISO 9001:2015 (Quality Management Systems); ISO 14001:2015 (Environmental Management Systems); ISO 45001:2018 (Occupational Health & Safety Management Systems); and ISO/IEC 27001:2013 (Information Security Management Systems). We have continuously worked to meet and exceed these standards over the last 21 years.

## Outlook and Prospects

We believe that 2022 will continue to be as challenging as the world, including Malaysia, manages the resurgence of Covid-19 variants.

From a macroeconomic perspective, the nation's economy is expected to strengthen in 2022, with a projected gross domestic product ("GDP") of 5.5% to 6.5%, according to Bank Negara Malaysia. This rising optimism stems from the fact that Malaysia has achieved a vaccination rate of more than 90% and all economic sectors are now in full swing. The World Bank has also projected that the Malaysian economy will likely rebound in 2022, forecasting a growth of 5.8%, driven by healthy domestic demand and continued growth in external trade.

For the natural gas industry, 2022 will be the first year in which the natural gas industry will be fully liberalised. In essence, the price of natural gas will be entirely dependent on the market forces of demand and supply. The rationale is that with the industry being fully liberalised, it will create a more level playing field and most importantly, encourage greater utilisation of gas.

In addition, we look forward for the proposed energy policy that will outline the role of natural gas in assisting Malaysia to achieve energy security at competitive pricing while ensuring environmental sustainability at the same time.

Against this backdrop, the Group will continue to focus on strengthening and growing our core business sectors. Over the next five years, we will continue to invest, upgrade and expand the NGDS network to new areas such as the Chuping Valley, Kedah Rubber City and Padang Meha. The implementation of Incentive-Based Regulation ("IBR") for the utilisation of gas facilities bodes well for the Group as this will help in driving revenue growth when third parties access the NGDS infrastructure to deliver gas to customers in Peninsular Malaysia.

As the market becomes more competitive with the entrance of new players, our customers will be able to gain access to more customised, integrated solutions at competitive gas prices, consistent with our efforts to elevate the customer experience. Our decision to renew our GSA with the gas supplier has also reinforced our competitive advantage as a shipper with a stable supply of natural gas for customers.

Leveraging our extensive reach, experience and large customer portfolio, we will continue to provide quality services at competitive pricing, coupled with flexible terms of supply, to our valued

# *Message from Group Chief Executive Officer: Management Discussion & Analysis*

customers. As such, we remain optimistic that this will give us an added advantage in a liberalised market. In this regard, we continue to engage with the regulatory bodies on the regulated annual returns for Regulatory Period 2 ("RP2"), as Regulatory Period 1 ("RP1") is stipulated to end on 31 December 2022. The liberalisation of the industry sees potential in business and investment opportunities throughout the gas value chain. This, in turn, opens up avenues for Gas Malaysia's non-regulated sectors, namely the expansion of cogeneration plants and virtual pipelines and the introduction of renewable energy initiatives, as well as raising the potential for diversification into other areas within the natural gas industry chain in line with the nation's objective of achieving long-term energy security.

Operating in an ever-changing landscape, we must be able to adapt, embrace new approaches and introduce new solutions to build a durable and resilient revenue stream. This means that developing and retaining talent within the organisation is mission-critical. We will continue to grow and empower our employees, arming them with the necessary competencies and right skill sets within a conducive and safe work environment.

Throughout 2021, we made steady progress as we navigated the ever-changing conditions brought about by the Covid-19 pandemic. We worked continuously to enhance the efficiencies of our operations and improve productivity while paying heed to safeguarding our market share and competitive advantage. These efforts will further enable us to deliver value to our customers.

As we move forward in 2022, we will continue to encourage the use of natural gas, as it is among the cleanest forms of fossil fuels. Against the backdrop of rising carbon emissions, natural gas remains an important component which will ensure energy efficiency and sustainability in energy consumption and ultimately support Malaysia's aspiration to achieve zero carbon emissions by 2050.

## Acknowledgements

I would like to thank our Board of Directors for their guidance and strong governance. On behalf of the management team, I would like to take this opportunity to extend my deepest appreciation to Datuk Haji Hasni bin Harun for his valuable contribution to Gas Malaysia over the last 13 years, including eight years as Chairman of the Board. We wish him all the best in his future endeavours.

It also gives me great pleasure to welcome YBhg. Tan Sri Wan Zulkiflee bin Wan Ariffin as the new Chairman of Gas Malaysia Berhad. We believe that his extensive experience and track record will help Gas Malaysia crystalise our long-term goals.

I am really grateful for the support, dedication and deep commitment of our employees throughout the past 12 months. While it has been tough, *Warga Kerja* Gas Malaysia has proven to be a team that can withstand challenges, adapt with agility to changing market conditions and be ever-ready to leverage opportunities. I am truly proud of *Warga Kerja* Gas Malaysia – your commitment and steadfastness have helped us weather the challenges.

The future will be exciting for us at Gas Malaysia as we enter a new phase in our journey. Although we are cautiously optimistic, we will continue to explore new growth frontiers, capture more customers and ensure the efficient execution of our strategies in order to deliver value to our stakeholders.

Thank you.

**Ahmad Hashimi bin Abdul Manap**
*Group Chief Executive Officer*

# Our Market Landscape

**Throughout 2021, there was a resurgence among governments around the world in implementing another round of lockdowns and movement restrictions to contain the spread of the Covid-19 virus.**

Globally, the economic outlook is tilted to the downside given the continued flare-ups of Covid-19, higher inflation and diminished policy support. Supply chain disruptions and elevated freight rates are expected to keep energy prices high. Economic recovery is expected to take place and spur natural gas demand growth, particularly in Asia Pacific, whose recovery is projected to surpass pre-pandemic levels, subject to the emergence of any new variants that could dampen the economic and gas demand recovery in the near term. Moving forward, the industry is expected to witness additional upward pressure on global oil and gas prices given the current geopolitical tensions.

**Domestically, the implementation of the Full Movement Control Order (FMCO) in June 2021 resulted in many manufacturing subsectors halting their operations for a period of four weeks. This had impacted the gas industry as gas demand reduced drastically during this period.**

However, in July some state economies began reopening following the implementation of the National Recovery Plan in easing restrictions according to the severity of the pandemic within a state. Most restrictions were lifted following the full vaccination of more than 90% of Malaysia's adult population in the fourth quarter of 2021, thus enabling the full resumption of economic activity across the nation, resulting in gas demand returning to more normal levels.

Asia is expected to be the main driver of global gas demand moving going forward with China, India and emerging Asia accounting for over half of the net increase in gas demand between 2019-2025. For domestic market, under the 12th Malaysia Plan (12MP) 2021-2025, Malaysia is committed to achieve net zero carbon emissions by 2050. As Malaysia prepares itself to be a low-carbon country, 2022 will also be the year where full market liberalisation of the gas industry commences under the Third-Party Access (TPA) regime. The TPA regime will further enhance competitiveness of the gas supply industry, on top of optimising development costs and utilisation of gas infrastructure, which is aligned with the government's effort to liberalise the gas market.

# Managing Our Risks and Opportunities

**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.**

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

## REGULATORY RISK

| | |
|---|---|
| **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. |
| **CAUSE(S) OF THE RISK** | • Non-compliance to or breach of license conditions.<br>• Changes to the base tariff by Suruhanjaya Tenaga.<br>• Government intervention in retail gas pricing. |
| **CONSEQUENCE(S) OF THE RISK** | • The loss of our licenses would mean the inability to continue business operations as well as reputational loss.<br>• Adverse changes to policies or regulations will negatively impact the profitability of the Group. |
| **MITIGATION STRATEGIES** | • Ensure conditions of the Distribution and Shipping License are always complied with.<br>• 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. |

## OPERATIONAL RISK

| | |
|---|---|
| **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. |
| **CAUSE(S) OF THE RISK** | • Not conducting hazard identification, risk assessment and risk control.<br>• Lack of compliance to health, safety, and environment guidelines and rules.<br>• Lack of information, awareness, and knowledge.<br>• Procedures not being updated to reflect current work practices.<br>• Inadequate or poor maintenance of security measures at gas facilities.<br>• Potential existence of terror groups in the supply area. |
| **CONSEQUENCE(S) OF THE RISK** | • Bodily injury or loss of life that can lead to a payout of compensation and medical bills.<br>• Legal action such as summons, penalties or imprisonment and stop-work orders.<br>• Reputational impact with damage and loss of revenue.<br>• Supply interruption with damage to gas facilities.<br>• Incur cost overrun to restore supply. |
| **MITIGATION STRATEGIES** | • Ensure approved Hazard Identification, Risk Assessment and Risk Control ("HIRARC") / Job Safety Analysis ("JSA") is available at site.<br>• Competent personnel, e.g. SHO / SSS to conduct site safety and toolbox briefing on daily basis.<br>• Conduct continuous education programme for all site personnel.<br>• Approved procedures to be made available at worksite.<br>• Installation of appropriate security measures, i.e., installation of CCTV and anti-climb fencing.<br>• Periodic facilities inspection to detect any abnormalities at the facilities. |

## BUSINESS & STRATEGIC RISK

| | |
|---|---|
| **RISK** | • This risk describes the potential loss of key talent and personnel that could impact the Group's business operations. |
| **CAUSE(S) OF THE RISK** | • Employees moving to peer companies for a more lucrative remuneration package and career path. |
| **CONSEQUENCE(S) OF THE RISK** | • Disruption to daily business operations and incurring investment loss with regards to its human capital development. |
| **MITIGATION STRATEGIES** | • Ensuring that the Group's remuneration package is competitive in comparison with industry standards.<br>• Establishing a competent talent pool with appropriate succession planning programmes to develop successors for key positions within the Group.<br>• Ensuring a healthy, harmonious, and conducive working environment that promotes work-life balance which incorporates elements of professionalism, recreation, and team spirit. |

# Sustainability Statement

## OUR APPROACH TO SUSTAINABILITY

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") acknowledges that sustainable practices is a core part of our operations as we seek to produce long-term value for our stakeholders. We recognise that sustainable development is critical to our success to ensure that we incorporate elements of sustainability into our operations that will aid us in maximising our economic potential, minimising our impact on the environment and empowering the communities around us. We are guided by the Economic, Environment and Social ("EES") pillars to help us meet our commitments that will help create a more resilient organisation.

The contents of this report reflect our most material sustainability impacts across the value chain, and the sustainability issues that were most significant to us and our stakeholders in 2021.

### Our Aspiration

Our business practices are designed to create long term value throughout all our value chain through ethical and transparent conduct.

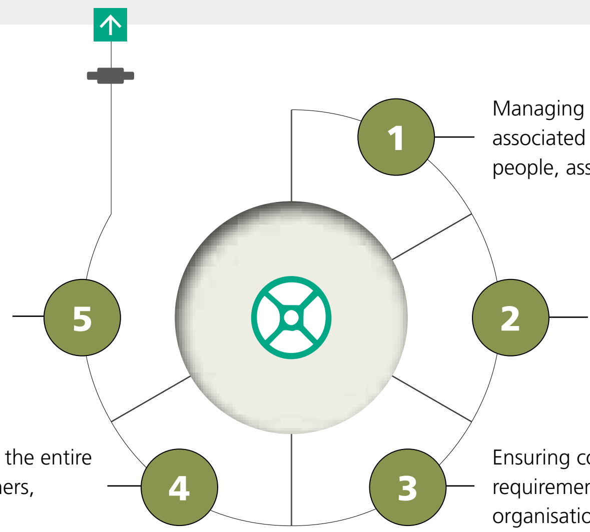
### Our Commitments

Gas Malaysia is committed to ensure that environmental, ethical and social principles are at the core of our business decisions.

It also commits to identifying and analysing the expectations of the Company's various stakeholders, such as its shareholders, financial community, employees, customers, business partners, suppliers, local communities and society in general.

The Company establishes action guidelines such as health and safety, governance, diversity, equal opportunities, tax responsibility, prevention of illegal behaviour, and the fight against corruption.

Gas Malaysia understands that sustainability must be integrated in all the Company's businesses and organisational levels, ensuring availability of needed resources, considering the perspective of its stakeholders such as:



1. Managing the risks and opportunities associated with its activities to prevent harm to people, assets and the environment.
2. Helping to mitigate the effects of climate change, ensuring a safe, efficient, and accessible energy supply.
3. Ensuring compliance with current legal requirements, as well as those others that the organisation subscribes to.
4. Nurturing a culture of sustainability to the entire value chain: customers, business partners, suppliers, and other stakeholders.
5. Responding to stakeholders, for economic, environmental and social performance indicators through our annual publication.

The Company has several communication channels that are available and accessible, which it uses to engage with its stakeholders. Further to this, all of our employees are committed towards sustainable practices.

Our three key pillars are:

| ECONOMIC | ENVIRONMENT | SOCIAL |
|---|---|---|
| Our role in ensuring the sustainable growth of our business is in line with developing the local economy | The impact of our business operations on the environment and the efforts to embrace eco-friendly practices and minimise our environmental footprint | Our interactions 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 |

## 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 1 January 2021 to 31 December 2021 for the Group, its subsidiaries and joint venture companies.

## Sustainability Governance

The Sustainability Reporting Committee ("SRC") reports to the Group Chief Executive Officer ("GCEO"), who provides further input and guidance regarding the Sustainability Statement. The SRC is also responsible for reviewing all sustainability-related policies and standards, has oversight of management processes to ensure compliance with sustainability policies and standards. The Risk & Compliance Committee ("RCC") evaluates sustainability performance in addition to providing approvals and oversight of sustainability initiatives and strategies.

### RISK & COMPLIANCE COMMITTEE

*(Consists of Board Members)*

- 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

*(Consists of Department Heads and heads of subsidiaries and joint venture companies)*

- The SRC reports to the 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

# *Sustainability Statement*

## Stakeholder Management

We actively engage with our stakeholders across eight different groups with varied interests and concerns, as well as ability to impact the Group. We are of the view that such engagement not only helps to improve rapport, but helps the Group to better understand the concerns of stakeholders which will enable holistic and relevant responses. During the pandemic, most of our engagements shifted to virtual formats, but it did not dampen our commitment towards seeking effective outcomes with our stakeholders.

| | Regulatory Bodies & Government Agencies | Board of Directors (BOD) | Shareholders | Customers |
|---|---|---|---|---|
| **METHOD & FREQUENCY OF ENGAGEMENT** | Engagement Method<br>• Engagements and dialogue sessions<br>• Reporting and consultation on regulatory or industry related matters<br>• Formal meetings<br>• Familiarisation Visits<br><br>Engagement Frequency<br>• Regular & Ad-hoc | Engagement Method<br>• Periodic Board and Board Committee meetings<br>• Formal correspondences<br><br>Engagement Frequency<br>• Scheduled & Ad-hoc | Engagement Method<br>• Quarterly Analyst Briefings<br>• Open Dialogues Sessions (Scheduled & Unscheduled)<br>• Conference Calls<br>• Annual General Meeting (AGM)<br>• Annual Reports<br>• Site Visits<br>• Media Releases & Bursa Announcements<br><br>Engagement Frequency<br>• Scheduled, regular & Ad-hoc | Engagement Method<br>• Dialogue sessions<br>• Customer relationship building programme<br>• Formal Meetings<br>• Customer feedback platforms<br>• Road shows<br><br>Engagement Frequency<br>• Regular & Ad-hoc |
| **EXPECTATIONS & CONCERNS** | Regulatory bodies 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 GMB 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** | • Cooperated effectively with Suruhanjaya Tenaga to ensure that our business operations remain well-prepared and equipped to fully adhere to the Third-Party Access ("TPA") requirements.<br><br>• We have been in close consultations with Suruhanjaya Tenaga on distribution tariff revisions. | Management has ensured that the Board is always kept updated regarding the Group's latest business and governance developments. | We have designed a comprehensive investor relations engagement programme, which 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.<br>• We have enhanced our customer service by conducting after-sales and value-added services.<br>• 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 withdrawal of our licence to operate, penalty fees and a loss of reputation. | A good working relationship with the Board will ensure business continuity through good and ethical governance practices. | Maintaining good engagement with our shareholders is positive for our business as it increases the interaction with the capital market and fosters a positive perception amongst the investment community, which can also increase positive analyst coverage of the Group. | Our strong customer-centric service 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. |

| Authorities | Business Partners | Employees | Local Communities |
|---|---|---|---|
| Engagement Method<br>• Dialogue sessions<br>• Formal meetings<br>• Familiarisation visits to our gas facilities<br><br>Engagement Frequency<br>• Regular & Ad-hoc | Engagement Method<br>• Formal meetings<br>• Dialogue Sessions<br><br>Engagement Frequency<br>• Regular & Ad-hoc | Engagement Method<br>• Employee Engagement Survey<br>• Internal Communications<br>• Employee Engagement Initiatives<br>• Leadership Engagement Sessions<br>• Sports and recreational activity<br><br>Engagement Frequency<br>• Regular & Ad-hoc | Engagement Method<br>• Periodic meetings<br>• Dialogue sessions<br>• CSR Initiatives<br><br>Engagement Frequency<br>• Regular & Ad-hoc |
| Federal, state and local government as well as 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 which 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 is in the midst of formulating a Vendor's Code of Conduct.<br>• 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.<br>• 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.<br>• Through our Corporate Social Responsbility ("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.<br>• 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 improve employee loyalty and result in a lower attrition rate. | • Nurturing good relationships with local communities will enable positive outcomes involving community concerns.<br>• Environmental protection and biodiversity preservation ensure more sustainable business outcomes. |

# *Sustainability Statement*

## Materiality Assessment

Gas Malaysia Berhad's performance and long-term sustainability is closely linked to how it can effectively address its material matters. With our large footprint throughout the country, it is particularly important to be aware of the issues material to us in environmental, economic and social contexts. In addition to this, we are aided by the perspectives and expectations of our stakeholders which we have garnered through regular engagement to help us manage our matters more effectively.

In 2020, we revalidated our material matters which were identified in 2016 to better reflect the evolving nature of our organisation. The revalidation in 2020 expanded eight material matters into nine, as we made the distinction clear between carbon emissions and energy management and to enable better disclosures in these two areas.

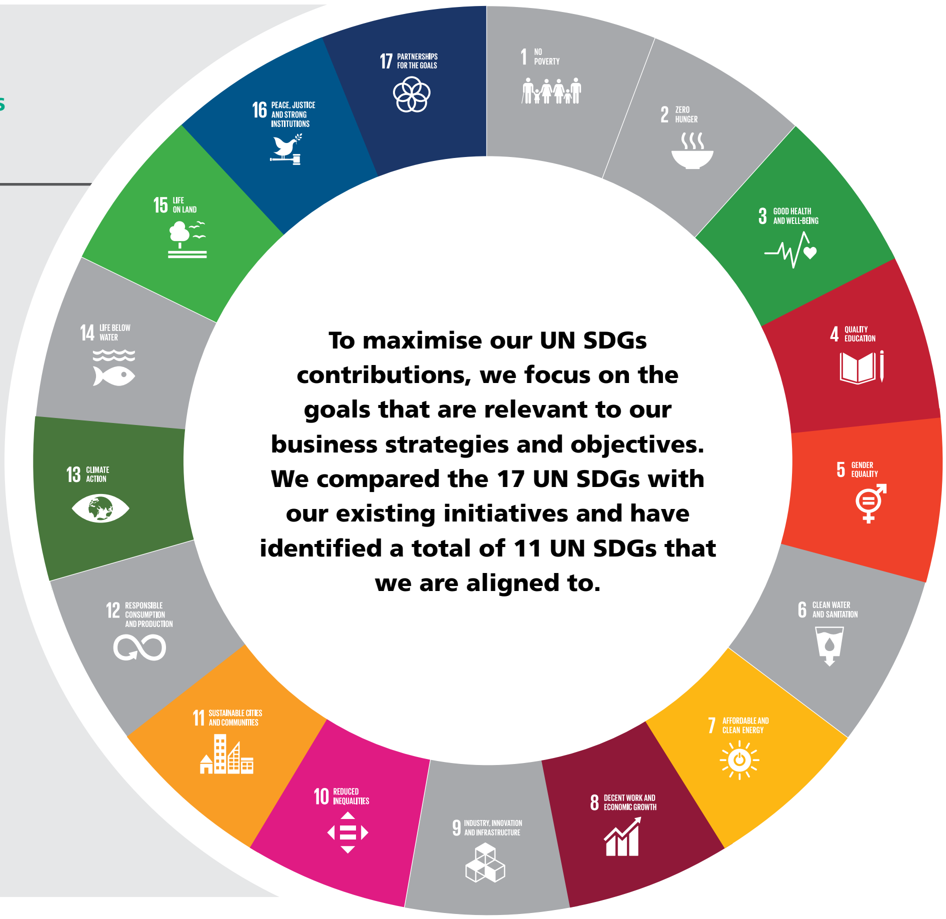
In the year under review, we have once again undertaken a revalidation of the nine material matters against local, regional and global industry peers and benchmarked them against the Sustainability Accounting Standards Board as well as the International Petroleum Environmental Conservation Association.

| Material Issue | Impact on the Group | How We Manage the Issue | Stakeholder Groups Impacted |
|---|---|---|---|
| **ECONOMIC** | | | |
| **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<br>• Regulator<br>• Business Partners<br>• Customers<br>• Policy Makers |
| **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 Whistleblower Policy and has had all employees undertake a Corruption-Free Pledge. | • Directors<br>• Employees<br>• Business Partners |
| **ENVIRONMENT** | | | |
| **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<br>• 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.<br><br>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<br>• Customers<br>• Shareholders |
| **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<br>• Local Communities |

| Material Issue | Impact on the Group | How We Manage the Issue | Stakeholder Groups Impacted |
|---|---|---|---|
| **SOCIAL** | | | |
| **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<br>• Business Partners<br>• Employees<br>• 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.<br><br>We also monitor safe man-hours for all employees and contractors, enabling us to determine our safety & health performance. | • Employees<br>• Public<br>• Authorities<br>• Business Partners |
| **Stakeholder Engagement** | The Group is cognisant of the importance of engaging with our stakeholders in meaningful ways to 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 |
| **Customer Satisfaction** | The Group is committed to complying with all applicable occupational safety and health legislative requirements. | 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<br>• Shareholders<br>• Local Communities |

## Supporting the United Nations Sustainable Development Goals (UN SDGs)

In the spirit of UN SDGs 17 on partnerships for the goals, we recognise that partnerships are crucial in providing opportunities for businesses to collectively achieve greater progress in the area of sustainable development.



# ECONOMIC

**ECONOMIC HIGHLIGHTS**

Constructed
**2,706 km**
of gas pipeline year-to-date

**Zero**
whistleblowing reported case

Volume gas sold in 2021:
**203.3 million MMBtu**

**153**
total vendors

Secured **46**
new industrial customers

## Our Approach

Gas Malaysia is committed to supporting the growth of the nation through our operations. The provision of clean, safe and reliable energy is crucial to driving economic growth, as well as contributing to the transition to a low-carbon economy.

Our contributions extend beyond this as we also add value to the economy through the development of gas infrastructure that generates work and economic value for our vendors, business partners and employees. We also actively engage industry stakeholders with a view of advancing the industry. The Group also upholds the highest standards of integrity and governance to ensure compliance to relevant laws and regulations.

## Our Contribution to Economic Growth

For the year under review, Gas Malaysia expanded the NGDS network by another 106 kilometres (commissioned length), bringing the total length of gas pipeline in operation to 2,706 kilometres. This was less than the 132 kilometres constructed in 2020, it was still a significant length given the challenges posed by the pandemic. The expansion of gas networks' 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.

### NGDS (kilometres)


The volume of gas sold, as well as the number of industrial customers we have been able to secure has also increased steadily over the years. In 2021, the volume of gas sold was 203.3 million MMBtu.

In terms of the volume of gas sold, the industrial segment accounted for over 99.7% of total gas volume sold. As of 31 December 2021, the number of our industrial customers stood at 998, which represents a steady increase over the years as shown in the table below.

### Volume of Gas Sold for NG & LPG (mil MMBtu)


### No. of Customers

# Sustainability Statement

The Kinta Valley project, which started in 2018 in collaboration with the Ministry of International Trade and Industry and the Perak state government has been completed in 2021.

Looking ahead, Gas Malaysia plans to construct an additional 120 kilometres (to be commissioned in 2022) of NGDS in 2022 in areas among others are Chuping Valley, Kedah Rubber City and Padang Meha. 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

At Gas Malaysia, we are strong advocates of a sustainable supply chain as we believe it will help to develop better and stronger business partners and reduce potential risks to our business. The Group conducts its procurement affairs in a fair and transparent manner through a number of ways, including by confirming a vendors' interest before inviting them to participate in a tender. We firmly believe that ethical practices are crucial to the sustainable growth of our business and are in the midst of formulating a Vendors Code of Conduct.

To enable greater procurement efficiency, the Group has undertaken the implementation of an e-Procurement system which is expected to be operational by this year. The system will shorten the procurement cycle, digitise procurement content and processes, simplify engagements with vendors and utilise less paper overall.

In the year under review, the Group have 153 total vendors.

## Inculcating a Culture of Integrity

One of the key components for ensuring good corporate governance practices is a culture of integrity. In this respect, the Group is committed to inculcating a strong culture of integrity through our Integrity and Governance Department, which was established in 2021. The Department is responsible for managing complaints, the detection and verification of incidences of non-compliance, and the enhancement of integrity and governance within the organisation.

The Group's efforts to drive integrity is further supported by an Anti-Bribery and Anti-Corruption ("ABAC") Policy and Framework that emphasises our zero-tolerance approach to all forms of bribery and corruption.

In the year under review, the Group continued to organise training sessions for all employees to raise awareness about bribery and corruption. We also conducted a corruption risk assessment, updated the ABAC policy to be in line with amendments made by the Malaysian Anti-Corruption Commission, and are in the midst of establishing a Gift Policy.

The Group also has in place a Whistleblower Policy that facilitates the reporting of any suspected breaches in laws or regulations by employees or third parties. In the year under review, we received zero whistleblowing complaints.

# ENVIRONMENT

**ENVIRONMENT HIGHLIGHTS**

**Agreement signing**
to purchase bio-methane

Total fabric recycled
**5,308kg**

Total Fuel Consumption
**374,398 litres**

Total Water Consumption
**10,179m$^3$**

Total Electric Consumption
**1,884,086 kWh**

## Our Approach

Gas Malaysia is fully aware of the impact that we have on the environment through the use of natural resources to support our operations. We are mindful that we need to strive to preserve the environment as we diligently monitor our electricity, water and fuel consumption. In the year under review, we have also made significant progress in our environmental reporting with the introduction of our baseline Greenhouse Gas emissions numbers which will be presented in the next section.

We are guided by the ISO 14001:2015 Environmental Management Systems Standard, which underlines our commitment towards minimising any adverse environmental impact that may arise from our operations. The certification also guides us in identifying, managing, monitoring and controlling environmental matters as we achieve incremental improvements in embedding sustainability in our business operations.

With countries now pushing ahead with the low-carbon transition, Gas Malaysia is also well-positioned to assist in this area with our ready infrastructure as well as expertise gained from our presence in the industry.

### Carbon Emissions Management

Climate change continues to impact lives and business operations with extreme weather events. In December 2021, Malaysia was not spared from the negative effects of climate change when it was hit by one of the worst floods in decades, causing major losses of properties and even loss of lives. Climate change is the result of global warming, which is due to the increasing concentration of Greenhouse Gases (GHG) in the atmosphere caused by human activities.

At Gas Malaysia, we have an important role to play in contributing to the nation's journey towards a low-carbon future. This is because natural gas has been identified as the main transition fuel as countries switch to greater proportions of renewable energy in their generation mix. Natural gas is among the cleanest forms of fossil fuels and emits up to 50% less $CO_2$ than coal.

The Group also promotes energy and emissions efficiency through the use of combined heat and power ("CHP") systems. We participated via our joint ventures entities to generate electricity through gas-powered CHPs which are highly efficient and produces less emissions. On average, compared to conventional electricity generation, CHP systems only 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.

*(*https://chpalliance.org/chp-is-a-low-carbon-reliable-alternative-to-new-central-gas-plants/)*

The Group is also further exploring the use of methane released from palm oil mill effluents ("POME") to augment our gas supplies. POME is the organic liquid waste generated during palm oil production, and by using waste-to-energy technology, we are able to capture the methane that is released, convert it to bio-methane and inject it into our pipelines. Methane is a dangerous greenhouse gas which is 20 times more potent than carbon dioxide.

In the year under review, the Group has signed an agreement with Kulim Greenergy Sdn Bhd to purchase 350,000 MMBtu of bio-methane per annum from their palm oil mills. In addition, the Group is in discussions with other landfill owners to explore the possibility of waste-to-energy solutions.

### Our Emissions Performance

This year, we are disclosing our GHG emissions for the first time according to Scope 1 and 2 and will serve as our baseline number going forward. As an environmentally conscious organisation, we believe that the measurement of GHG emissions across our value chain will be able to help us identify and prioritise areas for improvement in the future.

| Scope 1 | Scope 2 |
|---|---|
| Direct GHG emissions that occur from sources that are controlled or owned by Gas Malaysia | Indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling |
| **Total Amount: 19,923 $tCO_2e$** | **Total Amount: 1,307 $tCO_2e$** |

*Note: Source of definitions: https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance*

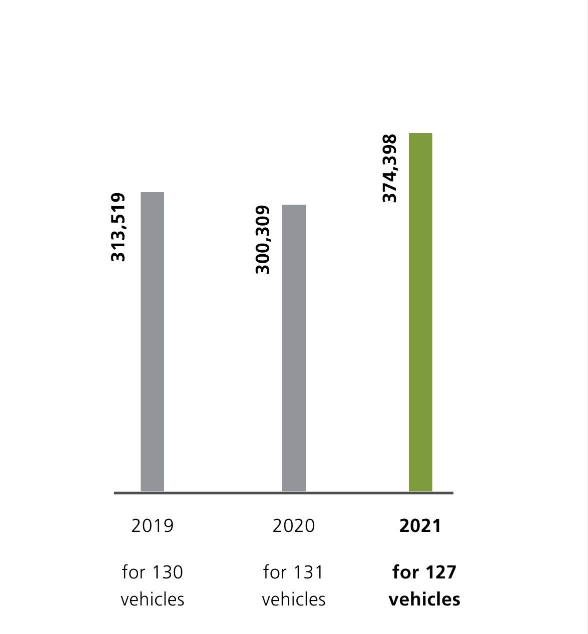
## Energy Consumption

### Fuel Consumption

In 2021, our fuel consumption comprising both diesel and petrol consumption amounted to 374,398 litres.

**FUEL CONSUMPTION**

(Litres of diesel and petrol)

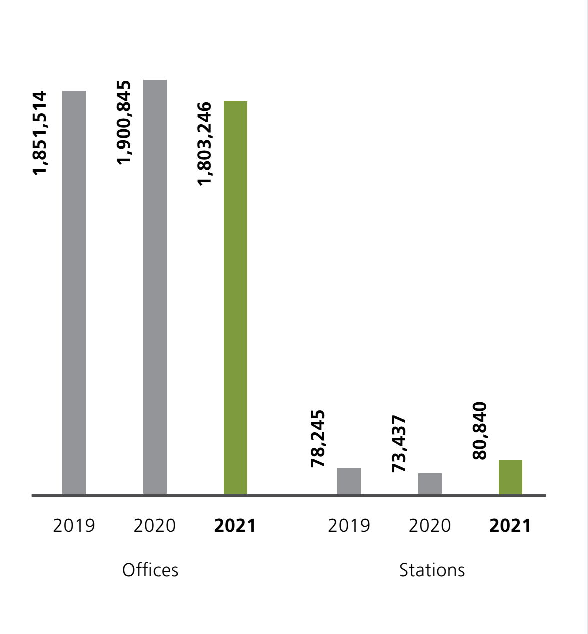



### Electricity Consumption

Electricity consumption in our offices and stations totaled 1,884,086 kWh in 2021.

**ELECTRICITY CONSUMPTION**

(kWh)




## Waste Management

The Group manages its waste responsibly with the overall aim of reducing the amount of waste headed to landfills. To accomplish this, we recycle our waste and handle our scheduled waste responsibly, in compliance with the Environmental Quality Act 1974. We categorised our scheduled waste generation into four categories:

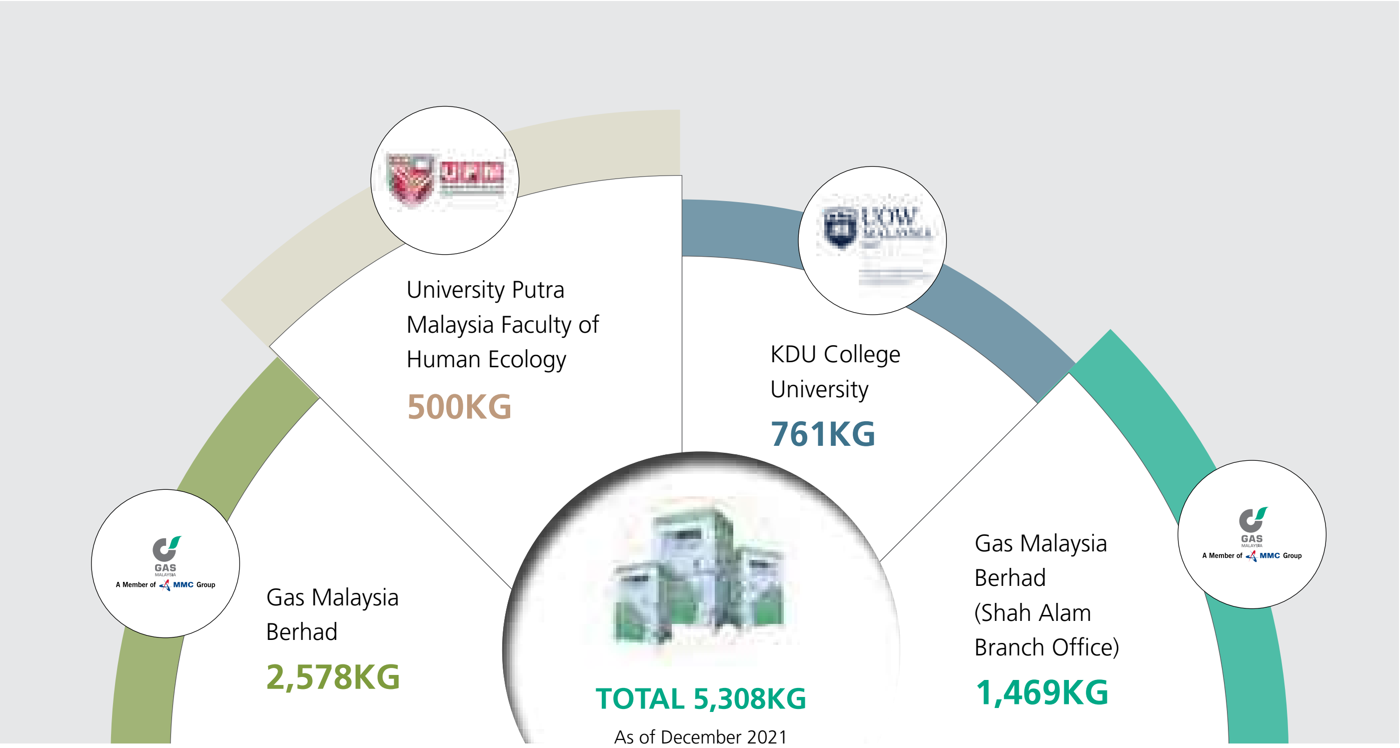
- SW109: Waste containing mercury or its compound
- SW110 (e-Waste): Waste from electrical and electronic assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl
- SW103: Waste of batteries containing cadmium and nickel or mercury or lithium
- SW418: Discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent

In the year under review, we discarded 0.080MT of fluorescent lamp bulbs (SW109).

Through an ongoing collaboration with a social enterprise, we have adopted five bins to collect fabric for recycling placed in various locations such as our head office, education institutions and mosque.

# *Sustainability Statement*

In 2021, we prevented 5,308kg of fabric from ending up in landfill.



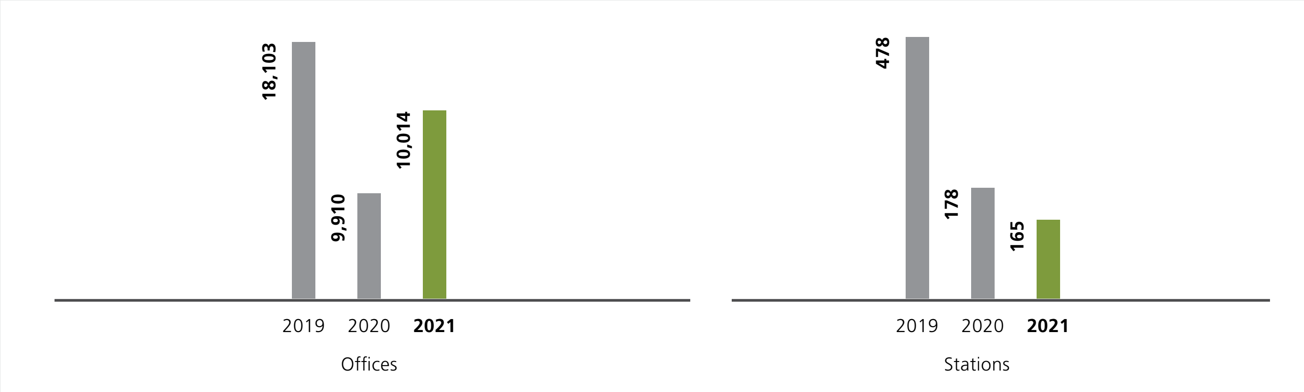

## Water management

Water is essential to sustaining our business operations and we take great care in conserving our water usage.

### Water Consumption

Water consumption in 2021 was 10,179m³, about the same with the consumption of 10,088m³ in 2020. The consumption for both 2020 and 2021 were lower compared to 2019 because of the pandemic which led to work from home arrangements during movement restrictions.

**WATER CONSUMPTION** (m³)



# SOCIAL

## SOCIAL HIGHLIGHTS

**23.8**
**training hours**
on average per employee

**94.12%**
customer complaints addressed within 3-day threshold target

Safe man-hours
**1,958,823**

**About 98.65%**
of industrial & large commercial customers registered on E- Services Portal

**33**
safety training programmes


### Our Approach

At Gas Malaysia, we are aware of our responsibility to safeguarding the wellbeing of our employees, customers and communities we operate in. The social pillar is of particular importance to us as it is people who matter the most in our business. As such, we continue to invest in the safety and health of our people, strive to give our customers excellence in our every interaction and work to uplift the communities we care deeply about.

# *Sustainability Statement*

## Safety and health

Ensuring the safety and health of our people is of paramount importance to the Group. We have in place a Health, Safety, Environment and Quality (HSEQ) Policy that supports our actions to prevent and eliminate any risk of occupational injury and illness to personnel, as well as limiting damage to the environment.

We strive to achieve full compliance with the Occupational Safety & Health Act 1994, zero lost workdays and to ensure our HSEQ management systems are effectively implemented and continually improved.

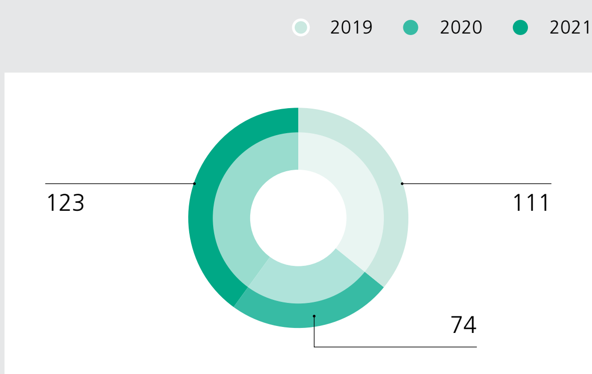
In the year under review, we are proud to report that we achieved a Lost Workday Incident of zero, indicating that there zero work-related injuries in 2021. This has enabled our total safe man-hours to increase to 1,958,823 hours as of 31 December 2021. The Group will continue to strive to maintain this record through strict adherence to our occupational safety and health policies and procedures.

We believe that beyond the internal communications and reminders about adhering to safety rules, training is also critical to ensuring a strong safety culture. In 2021, we conducted 33 safety and health training sessions that covered subjects such as:

- Defensive Driving Training
- Building Evacuation Drill
- Accident Reporting & Investigation for HSE Committee
- Hazards Recognition & Workplace Inspection

In relation to the above-mentioned performance, we conducted 123 inspections at our work sites to ensure that health and safety rules were being observed.

**NO. OF INSPECTIONS CONDUCTED**




## Management Systems

The Group adheres to internationally-recognised management system standards that helps us improve operational efficiency, while also providing a strong platform to help us comply with the statutory and regulatory requirements relevant to our services and industry.

In the year under review, the Group has retained the following certifications following the annual audit by SIRIM, Malaysia's leading certification body:

- **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

### Managing the health-impact of Covid-19

The past two years have been unprecedented in the scale of what organisations needed to do to adapt with the Covid-19 pandemic while ensuring business could operate normally. For Gas Malaysia, we have prioritised the safety of our people from the beginning and continue to do so until this day.

Besides providing options for Work-From-Home arrangements, we also strengthened the Group's digital workplace resources to ensure a more seamless working from home experience. Employees were regularly tested and our office premises were regularly sanitised. We also barred all international business trips to further break the chain of potential infections. In addition, we have rolled out these precautionary measures at all our premises throughout Peninsular Malaysia:

- Conducting body temperature check for all employees and visitors
- Encouraging sick or unwell employees to stay at home
- Installing hand sanitisers at our head office, regional and branch offices
- Conducting disinfection treatment at our head office, regional and branch offices
- Temporarily suspending overseas business trip and discontinuing non-essential travel
- Encouraging virtual meetings
- Providing employees with up-to-date information on Covid-19 risk factors and protection etiquette
- Providing resources and a work environment that promotes personal hygiene
- Providing a Covid-19 self-test kit for employees every month
- Surgical mask distribution to all employees on a weekly basis

### Upskilling our Human Capital

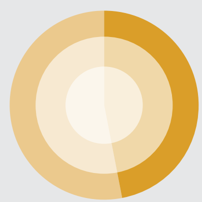
Gas Malaysia believes that our people are our greatest assets and as a responsible employer, we must help to develop and empower our employees in order to continue being efficient and competitive. A workforce that feels they are engaged and empowered will also lead to greater retention, and motivate them to be more productive.

### Workforce Profile

There are a total of 564 Gas Malaysia employees as at the end of 2021, of which the majority are in the 30 to 50 year old age group, with an almost even split between technical and non-technical staff.

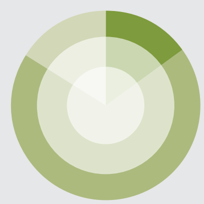
Number of employees:
**564**

**Workforce**
by category



- Technical - 47%
- Non-technical - 53%

**Workforce**
by age group



- Under 30 – 15%
- 30-50 – 69%
- Above 50 – 16%

### Learning and Development

Throughout the year, we have organised a series of training programmes to enhance the mindsets of our employees in preparation for the gas industry's liberalisation. For example, one of our programmes was aimed at infusing a sense of entrepreneurialism among employees, and to encourage greater ownership of the initiatives they are responsible for to achieve the organisation's goals.

Average training hours:
**23.8 training hours**
on average per employee

Number of training programmes
**78**

**Succession Planning**

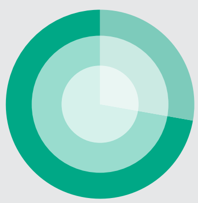
In the context of succession planning, we organised three leadership programmes to equip middle and senior management that the Group is grooming with better management and strategic thinking skills.

- Leading Organisations and Change
- Managing Teams for High Performance
- Strategic Management

**Diversity and Inclusion**

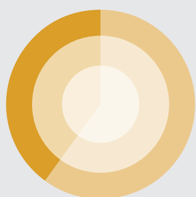
At Gas Malaysia, we value diversity where 40% of employees at the management level are women. Overall, 28% of our workforce are female.

**Workforce**
by Gender



- Female - 28%
- Male - 72%

**Women in Management**



- Female - 40%
- Male - 60%

**Recruitment**

In 2021, Gas Malaysia hired a total of 46 employees of which 27 were under the age of 30. In 2021, our attrition rate was 3.43%.

Total Hires for 2021:
**46**

Attrition rates:
**2020: 3.74%**
**2021: 3.43%**

No. of total hires according to age group:

Under 30:
**27**

30-50:
**19**

**Employee Engagement Survey**

In 2021, we conducted an employee engagement survey to gauge the engagement level of our employees and assessed their thoughts regarding career advancement, recognition, pay & benefits, training & development opportunities, leadership and the overall work environment.

**Employee Wellness**

Gas Malaysia organised a number of employee wellness programmes in 2021, demonstrating our commitment to safeguarding the physical and mental health of our employees. These included:

**Health Talk: The Importance of Covid-19**

- To educate the employees on the importance of vaccination
- To highlight the consequences of avoiding vaccinations
- To ensure Gas Malaysia promotes a safe working environment

**Health Talk: Employee's Mental Health During Covid-19 Pandemic**

- To educate employees on mental health issues
- Promote help-seeking behaviours and emotional well-being practices
- Educate employees on the right measures in dealing with mental health
- To advise the appropriate venues to obtain help

**Health Talk: Ergonomics in the Workplace**

- To educate employees on good working posture, including tips, corrective behaviour and prevention of injury

**Sexual Harassment Awareness Programme**

- To create awareness about what constitutes sexual harassment behaviours
- To explain the importance of harassment prevention in the workplace
- To share who or where harassment complaints can be channelled to
- Understanding the implications of harassment in the workplace
- Understanding the laws that protect against sexual harassment

## Product responsibility

### Public Safety

Gas Malaysia prioritises public safety above all. We have in place comprehensive safety measures and quality control across all our operations and adhere to stringent policies and procedures. The safe and reliable delivery of natural gas is our overarching goal.'

### (i) Safety Measures at Gas Networks Infrastructure

During planning, we carefully select pipeline routes and locations of isolation valves with future expansion in mind. At the engineering stage, we ensure that design and material specifications adhere to local regulations and internationally accepted codes and standards to avoid potential failures of equipment.

At the construction stage, we select competent contractors to design, engineer, procure, construct and commission our gas pipelines. In addition, we source our steel pipes from manufacturers licensed by the American Petroleum Institute ("API"). These pipes are manufactured based on verified specifications and are quality-assured by a third-party agency.

### (ii) Safety Measures at Operations & Maintenance

We ensure our gas facilities are well-maintained through periodic preventive maintenance and systematic troubleshooting. Example of this include gas station inspections, monitoring of underground steel gas pipeline conditions via cathodic protection inspection, valve inspection, pipeline leakage survey, pipeline integrity inspection and odorant intensity level check.

We also conduct pipeline inspections daily to detect abnormalities and to monitor unauthorised third-party work within the vicinity of our gas facilities. As part of our standard operating procedure, all third-party work in the immediate vicinity of our gas facilities' requires approval and is further supervised by our Operations & Maintenance team to prevent damage.

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. In 2021, our SAIDI improved to 0.1247 minutes of interruption per customer, while our average response time increased slightly to 25.76 minutes.

| Performance Indicator | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| **SAIDI (Average Minutes of Interruption per Customer)** | 0.3299 | 0.1780 | 0.3286 | **0.1247** |
| **Response Time (Average Minutes Taken to Respond at Site)** | 26.82 | 23.25 | 22.51 | **25.76** |

### Enhancing Customer Satisfaction

At Gas Malaysia, our customers always come first. We prioritise their needs and have improved our capabilities to serve them better. In the year under review, our E-services portal was expanded to include our residential customers, thereby enabling our customers to view their account details, billing, payment information and gas consumption. The portal also allows customers to receive the latest updates from Gas Malaysia and to leave their feedback or enquiries with our sales personnel.

We further support our customers with a Customer Care Unit ("CCU"), that operates from Monday to Friday between 8.30 am and 5.30 pm, to help customers resolve issues related to billing, account registration and service activation.

#### Customer Care Unit

In 2021, our CCU team addressed 94.12% of all customer complaints within the three-day threshold target. This was a 7.62% increase compared to 2020.

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

Customer Complaints Addressed Within 3-day Threshold Target (%):

2019: 100%
2020: 86.5%
**2021: 94.12%**

#### E-Services

As of 31 December 2021, 98.65% of our industrial and large commercial customers had registered on our E-Services portal.

# Sustainability Statement

## Corporate Social Responsibility ("CSR")

We continue to find opportunities to contribute to society in a variety of ways guided by the four pillars of Community, Environment, Education and Sports which are aligned with our CSR theme of 'Energising the Community'.

Despite the pandemic, we managed to carry out a few meaningful initiatives inspired by these pillars to uplift the communities we serve, to help those affected by the floods and support the frontliners involved in the fight against the pandemic.

The following are some of the initiatives in the past which we have continued to support over the years:

| PILLAR | ENGAGEMENT | RESULTS |
|---|---|---|
| **Community** | Provision of health equipment to An-Nur Dialysis Centre | In 2016, we purchased a dialysis 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. This year, the centre conducted 864 dialysis sessions, benefitting about 93 patients. |
| **Environment** | Donation to Department of Wildlife and National Parks, Peninsular Malaysia ("PERHILITAN") | For several years, we have been involved in the conservation of river terrapins. This year, we welcomed a total of 123 river terrapins and 63 hatchlings via incubator machine. |
| | Fabric Recycling Initiative | Gas Malaysia collected 5,308 kg of fabrics from the recycle bins. |
| | Mangrove Tree Planting | Gas Malaysia continued to monitor the growth of 300 mangrove plants, in collaboration with Kuala Selangor Nature Park. |
| **Education** | Provision of financial assistance for MARA Education Foundation | We provided financial assistance to approximately 1,100 school students from ten MARA learning centres throughout the nation, sitting for their SPM examinations. |
| **Sports** | Football Association Of Selangor ("FAS") – Local Giant Programme | We provided sponsorship to the FAS under their 'Local Giants Programme', in line with our commitment to supporting local football talent development. |

This year, we took the opportunity to participate in several new initiatives to increase our CSR efforts. We contributed our support in the following initiatives:

### Assistance to Flood Victims

We aided about 85 families living in Kluang, Johor who were affected by the flood with our contribution of household items in January 2021.

In December 2021, the Management team paid a visit to Masjid Al-Faizin, the nearest flood relief center in Shah Alam, and donated crucial items that enabled about 87 families to temporarily take shelter at the mosque.

We also conducted a post-flood clean up activity at employees' homes which have been adversely impacted by the flood. About 40 volunteers from Gas Malaysia participated in this activity, where they were divided into several groups and provided with the necessary cleaning materials to help our affected employees.

### School Necessities Donation to the Needy

School necessities were donated to Sekolah Kebangsaan Shah Alam, Seksyen 16 to help children with families who were directly impacted by the Covid-19 pandemic due to unemployment and financial difficulties. We donated school shoes, uniforms, stationaries, school bags, water bottles and reusable face masks.

### Our Covid-19 Response

In doing our part to assist the government in its fight against Covid-19, we carried out the following initiatives to lend a hand to those affected:

**a) Medical Equipment Donation to Hospitals**
We donated essential medical equipment to 3 hospitals, Hospital Shah Alam, Hospital Selayang and Hospital Serdang to help our frontliners in their fight against Covid-19.

**b) Donation of Household Essentials to the Needy**
- We distributed household items to about 200 qualified families living in PPR Lembah Subang flats in Petaling Jaya and Pangsapuri Nervillia in Kota Kemuning
- We also contributed groceries to about 500 affected traders and hawkers

**c) Motorcycle Refueling Campaign to Assist the Needy**
We subsidised the petrol refill cost for motorcycles below 170cc to aid motorcyclists from lower income groups

We also provide assistance to recipients from various groups such as underprivileged individuals, Tahfiz schools and Islamic establishments through our Wakalah Agihan Zakat fund.

### Floods Assistance to Affected Staff

Gas Malaysia responded by providing financial assistance to 37 adversely affected employees.

### Moving Forward

The Group remains resolute in improving its sustainability efforts as we strive 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.

As we move forward, we will continue to advocate a more sustainable way of conducting business and in the process become a more successful, socially responsible and sustainable organisation.

# Board of Directors

DATUK OOI TEIK HUAT

KAMALBAHRIN BIN AHMAD

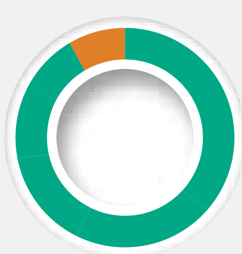
DATUK PUTEH RUKIAH BINTI ABD. MAJID

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

## TRUSTED, COMMITTED AND FOCUSED LEADERSHIP

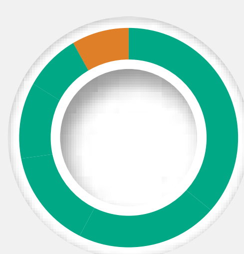
Our Board composition fairly reflects the interest of its shareholders to provide effective leadership, strategic direction and necessary governance to the Group at optimum level.

**Gender**



| | |
|---|---|
| Male | 7 |
| Female | 1 |

**Nationality**



| | |
|---|---|
| Malaysian | 7 |
| Japanese | 1 |

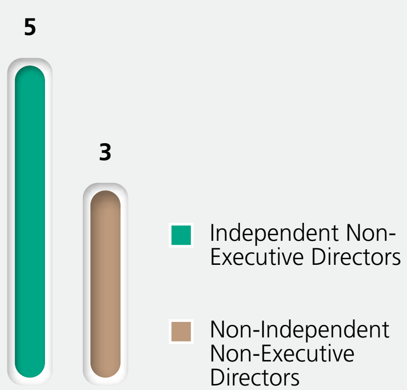
**TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN** *Chairman*

**DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR**

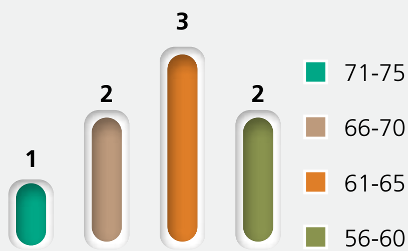
**TAN LYE CHONG**

**NOBUHISA KOBAYASHI**

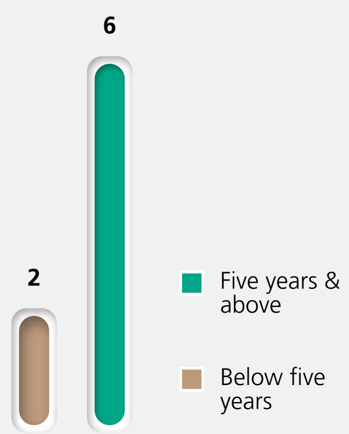
**Board Composition**




**Age Diversity**




**Length of Directorship Tenure**



# Board of Directors' Profile

## TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN

- Chairman
- Independent Non-Executive Director

Male | 61 | Malaysian

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

**Date of Appointment**

Chairman – 1 July 2021

**Board Attendance in 2021:**

3/3

(from the date of his appointment)

### QUALIFICATION

- Bachelor of Engineering Degree in Chemical Engineering, University of Adelaide, South Australia
- Advanced Management Programme, Harvard Business School
- Honorary Fellowship by the Institution of Chemical Engineers, United Kingdom

### RELEVANT EXPERIENCE

Began his career in Petroliam Nasional Berhad ("PETRONAS") in 1983 with various executive positions and retired from the position of President & Group Chief Executive Officer of PETRONAS in June 2020, after a 37 year tenure at the national oil company. While there, he was appointed as Chairman of the National Trust Fund, which was set up in 1988 to ensure optimal use of Malaysia's natural resources while benefitting the nation and its future generations. He was also appointed as council member at the East Coast Economic Region Development Council and the Northern Corridor Implementation Authority.

He was a Director of Exxon Mobil Corporation, a Texas-based oil and gas company. Besides, he was also a member of the World Economic Forum's ("WEF") Stewardship Board of System Initiative on Shaping the Future of Energy, as well as a member of WEF's Oil & Gas Governors Forum. In education, Tan Sri Wan Zulkiflee held the role of Pro Chancellor of Universiti Teknologi PETRONAS and sits on the Board of Trustees at the Razak School of Government, dedicated to the development of public sector leadership. He is an Adjunct Professor at the Kulliyyah of Economics and Management Sciences and is also on the Board of Governors of the International Islamic University of Malaysia.

### OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: DRB-HICOM Berhad
- Other Public Companies: Malaysia Aviation Group Berhad, Malaysia Airlines 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.

**Board Skills and Experience Matrix** ● Accounting/Finance ● Legal/Regulatory ● Economics

*Board of Directors' Profile*

## DATO' SRI CHE KHALIB BIN MOHAMAD NOH

Non-Independent Non-Executive Director

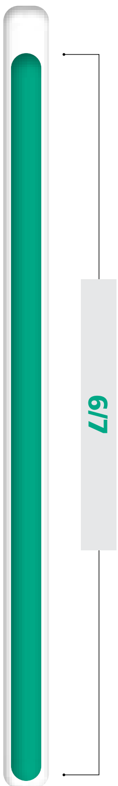
Male | 57 | Malaysian

Member of Gas Procurement & Tariff Setting Committee

**Date of Appointment**

Director – 1 July 2013

**Board Attendance in 2021:**




### 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: Malakoff Corporation Berhad
- Other Public Companies: MMC Corporation Berhad, 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.

Engineering/Technical | Commercial/Marketing | Operations/Industry experience | Leadership & Strategy

# Board of Directors' Profile

## NOBUHISA KOBAYASHI

Non-Independent Non-Executive Director

Male | 64 | Japenese

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

**Date of Appointment**

Director – 1 April 2019

**Board Attendance in 2021:**

7/7

### 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 2021, 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 Skills and Experience Matrix** Accounting/Finance | Legal/Regulatory | Economics

*Board of Directors' Profile*

## KAMALBAHRIN BIN AHMAD

Non-Independent Non-Executive Director

Male | 58 | Malaysian

Member of Risk & Compliance Committee

**Date of Appointment**

Director – 19 July 2017

**Board Attendance in 2021:**

5/7

### 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.

● Engineering/Technical ● Commercial/Marketing ● Operations/Industry experience ● Leadership & Strategy

# *Board of Directors' Profile*

## DATUK PUTEH RUKIAH BINTI ABD. MAJID

Independent Non-Executive Director

Female | 69 | Malaysian

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

**Date of Appointment**

Director – 16 August 2011

**Board Attendance in 2021:**

7/7

### 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 and 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 Skills and Experience Matrix** Accounting/Finance | Legal/Regulatory | Economics

## DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

Independent Non-Executive Director

Male | 71 | Malaysian

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

**Date of Appointment**

Director – 16 August 2011

**Board Attendance in 2021:**

7/7

### 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 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.

Engineering/Technical | Commercial/Marketing | Operations/Industry experience | Leadership & Strategy

*Board of Directors' Profile*

## TAN LYE CHONG

Independent Non-Executive Director

Male | 66 | Malaysian

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

**Date of Appointment**

Director – 16 August 2011

**Board Attendance in 2021:**

7/7

### 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 28 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 34 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.

**Board Skills and Experience Matrix** Accounting/Finance Legal/Regulatory Economics

# *Board of Directors' Profile*

## DATUK OOI TEIK HUAT

Independent Non-Executive Director

Male | 62 | Malaysian

Member of Audit Committee

**Date of Appointment**

Director – 16 May 2013

**Board Attendance in 2021:**

7/7

### 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: DRB-HICOM Berhad and Malakoff Corporation Berhad
- Other Public Companies: MMC Corporation Berhad, 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.

Engineering/Technical | Commercial/Marketing | Operations/Industry experience | Leadership & Strategy

*Board of Directors' Profile*

## SHARIZA SHARIS BINTI MOHD YUSOF

Non-Independent Non-Executive Director

Female | 47 | Malaysian

**Date of Appointment**

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

**Board Attendance in 2021:**

2/2

### 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 21 years of experience in finance and planning across PETRONAS's businesses, she is the Chief Financial Officer of PETRONAS Gas Berhad ("PGB"), a role she assumed since 1 September 2017.

She is 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.

**Board Skills and Experience Matrix**

- Accounting/Finance
- Legal/Regulatory
- Economics
- Engineering/Technical
- Commercial/Marketing
- Operations/Industry experience
- Leadership & Strategy

# Management Team

## OUR DIVERSE AND DYNAMIC MANAGEMENT TEAM

Management Team:

1. **AHMAD HASHIMI BIN ABDUL MANAP**
   *Group Chief Executive Officer*
2. **SHAHRIR BIN SHARIFF**
   *Director of Commercial*
3. **MOHD NISHARUDDIN BIN MOHD NOOR**
   *Director of Technical & Operations*
4. **ZAFIAN BIN SUPIAT**
   *Chief Financial Officer*

# Management Team

5

6

7

8

9

## OUR DIVERSE AND DYNAMIC MANAGEMENT TEAM

Management Team:

5 **KAMARUL ARIFFIN BIN IBRAHIM**
*Head, Corporate Affairs*

6 **NORAISHAH BINTI MOHD RADZI**
*Head, Legal & Compliance*

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

8 **AZWIN BINTI NOH**
*Head of Internal Audit*

9 **ERINA BINTI MOHD TAIB**
*Head, Integrity & Governance*

# Management Team's Profile

**AHMAD HASHIMI BIN ABDUL MANAP**

*Group Chief Executive Officer*

Malaysian / Age: 58 / Male

Date of Appointment to Present Position:
12 February 2015
Present Directorship in Listed Issuers:
Nil
Present Directorship in Public Companies:
Nil

## QUALIFICATIONS

- Bachelor of Science in Civil Engineering from Oklahoma State University, USA
- Advanced Management Program at Wharton Business School, USA
- Council Member, Malaysian Gas Association
- Member, Institution of Engineers Malaysia

## WORKING EXPERIENCE

- Chief Operating Officer, Technical, Gas Malaysia Berhad
- Senior General Manager, Operations & Maintenance, Gas Malaysia Berhad
- Started as Engineering Manager in Gas Malaysia Sdn Bhd
- Pipeline Engineer, MMC Engineering Sdn Bhd
- Began his career as Structural/Civil Engineer with a local consulting firm

## DIRECTORSHIPS

- Sits on the board of Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd, Gas Malaysia Synergy Drive Sdn Bhd, Gas Malaysia Retail Services Sdn Bhd, Sime Darby Gas Malaysia BioCNG Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd and Pelantar Teknik (M) Sdn Bhd

**SHAHRIR BIN SHARIFF**

*Director of Commercial*

Malaysian / Age: 57 / Male

Date of Appointment to Present Position:
2 October 2015
Present Directorship in Listed Issuers:
Nil
Present Directorship in Public Companies:
Nil

## QUALIFICATIONS

- Bachelor of Science in Economics and Accountancy, City University, London
- Member, Malaysian Institute of Accountants
- Attended 8th ASEAN Senior Management Development Programme, Harvard Business School Alumni Club Malaysia

## WORKING EXPERIENCE

- Chief Executive Officer, Gas Malaysia Energy and Services Sdn Bhd
- Director, Project Development and International Business, MMC International Sdn Bhd: was involved in the development of Jazan Economic City Project, Saudi Arabia
- Chief Operating Officer, GIIG Holdings Sdn Bhd
- Hold various positions in Petronas: was involved in numerous projects such as KLCC project, Putrajaya development project and Aluminium Smelter project in Sarawak
- Began his career as Trainee Auditor in KPMG Peat Marwick, London & Senior Auditor, Arthur Andersen & Co, Kuala Lumpur

## DIRECTORSHIPS

- Sits on the boards of 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: 57 / Male

Date of Appointment to Present Position:
1 June 2019
Present Directorship in Listed Issuers:
Nil
Present Directorship in Public Companies:
Nil

### QUALIFICATIONS

- Bachelor of Science in Mechanical Engineering, Syracuse University, New York
- Certificate of Competency, Gas Engineering Supervisor by Suruhanjaya Tenaga
- Management Development Program, Asian Institute of Management, Manila
- Attended 9th ASEAN Senior Management Development Program, Harvard Business School Alumni Club Malaysia

### WORKING EXPERIENCE

- Chief Executive Officer, Gas Malaysia Distribution Sdn Bhd
- General Manager, Operations & Maintenance Department
- General Manager, Technical Services Department
- Manager, Engineering & Construction, Technical Services Department
- Operations Engineer, Esso Malaysia Bhd
- Assistant Mill Manager, Perbadanan Kilang Felda
- Began his career at Malaysia Shipyard and Engineering Sdn Bhd

### DIRECTORSHIPS

- Sits on the board of Gas Malaysia Energy Advance Sdn Bhd and Gas Malaysia Virtual Pipeline Sdn Bhd

## ZAFIAN BIN SUPIAT

*Chief Financial Officer*

Malaysian / Age: 47 / Male

Date of Appointment to Present Position:
3 January 2019
Present Directorship in Listed Issuers:
Nil
Present Directorship in Public Companies:
Nil

### QUALIFICATIONS

- Member, Institute of Chartered Accountants, England, Wales
- Member, Malaysian Institute of Accountants
- Bachelor of Science, Accounting & Finance, London School of Economics & Political Science, UK

### WORKING EXPERIENCE

- General Manager, Finance, MMC Corporation Berhad
- Chief Financial Officer, Johor Port Berhad
- Group Accountant, Pos Malaysia Berhad
- Audit Manager, Ernst & Young, Malaysia

### DIRECTORSHIPS

- Sits on the board of Gas Malaysia Distribution Sdn Bhd, Pelantar Teknik (M) Sdn Bhd and Malakoff Gas Malaysia Cogen O&M Sdn Bhd.

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.

# Corporate Governance Overview Statement

**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 updated on 28 April 2021 ("MCCG 2021") 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 at www.gasmalaysia.com. The CG Report elaborates on the Company's application of each Principle of the MCCG 2021 for the year under review.

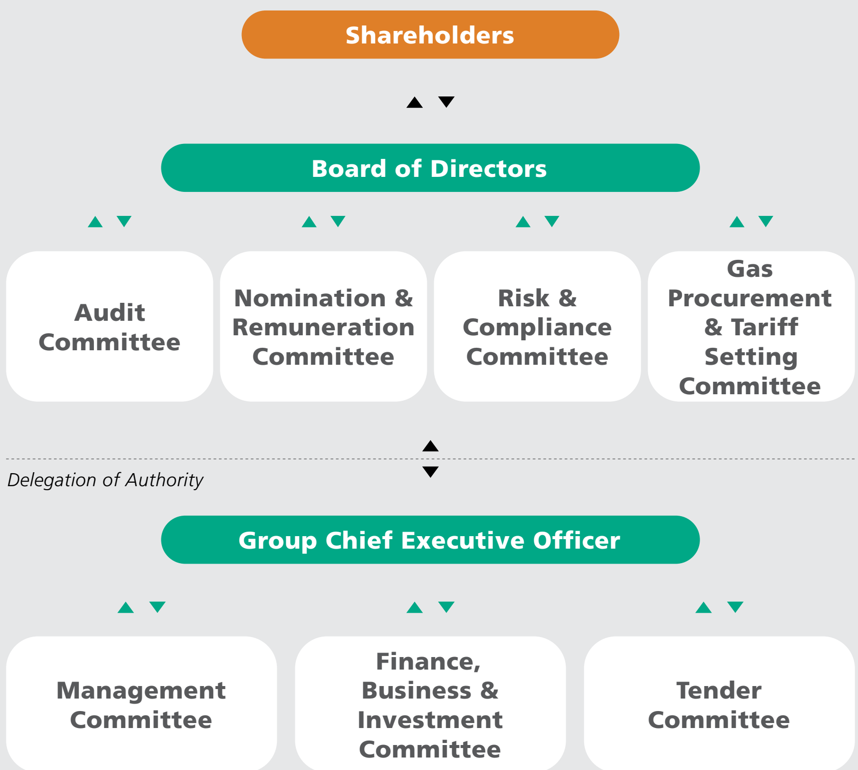
## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board is collectively responsible for promoting the long-term success of the Group, driving both shareholders value and contribution to wider society. Its role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed.

The Board has established four Board Committees. The Committees focus on their own areas as delegated by the Board through respective terms of reference. This enables the Board meetings to focus on strategy, governance and compliance thereby making the best use of the Board's time. The Committees' Chairman report to the full Board at each Board meeting following their sessions, ensuring a good communication flow while retaining the ability to escalate items to the full Board's agenda if required.

In order to ensure orderly and effective discharge of its responsibilities, the Board has in place a Governance Structure for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Group Chief Executive Officer ("GCEO"), as illustrated:



*Corporate Governance Overview Statement*

**The Board and Senior Management in Sustainability**

The Board has an overall responsibility for the Group sustainability and, the Board's Risk & Compliance Committee ("RCC") has the oversight on steering and evaluating the sustainability efforts and the Sustainability Reporting. The RCC is supported by a Sustainability Reporting Committee ("SRC") comprising Senior Management which reports to the GCEO (who reports to the RCC). The GCEO and SRC are responsible for developing sustainability strategies or approaches, initiatives, and evaluation of sustainability performance. The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

*Details of the Group's sustainability initiatives are reported in Sustainability Statement on pages 40 to 59 of this Annual Report.*

## II. Board Composition

### Composition of the Board

The Board comprises five Independent Directors and three Non-Independent Directors, composed of members who bring experience from various disciplines primarily, accounting, finance, regulatory, economics, commercial, engineering/technical, and gas and utilities.

During the year under review, there has been a change to the composition of the Board with the appointment of Tan Sri Wan Zulkiflee bin Wan Ariffin as the Chairman of the Board on 1 July 2021, following the resignation of Datuk Haji Hasni bin Harun on 30 June 2021. The Board also maintained at least one woman director on the Board.

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

*The profile of each of the member of the Board is as presented on pages 62 to 70 of this Annual Report.*

### Directors' Training

The Directors are mindful of the importance of continuing education and the need to enhance knowledge and expertise to keep abreast of latest developments in the industry and to enable the directors to effectively discharge their duties. The Board is encouraged to attend relevant training programs with facilitation by the Company Secretary for the programme registration.

The Board assessed the training needs of individual directors and is satisfied that all directors have met their training needs. During the financial year under review, all Directors attended training/seminar/conference, as follows:

| NAME OF DIRECTOR | TRAINING/SEMINAR/CONFERENCE ATTENDED | DATE |
|---|---|---|
| **Tan Sri Wan Zulkiflee bin Wan Ariffin** | Webinar on Board Dynamics | 11 January 2021 |
| | Collaboration in the Boardroom: Behavioural and Relationships | 22 March 2021 |
| | A Boardroom Simulation Live! Corporate Strategy Beyond the Crisis | 26 March 2021 |
| | Navigating Perform Transform: View from the Top | 8 April 2021 |
| | FCD Module B: Stakeholder Primacy in a Post-Covid Era | 9 & 10 June 2021 |
| | Bank Muamalat Malaysia Berhad - Islamic Banking Seminar | 5 July 2021 |
| | Ask an Expert Webinar - Board Composition & Dynamics | 9 July 2021 |
| | Trends and Consideration for Compensation Matters | 14 July 2021 |
| | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| | Lecture Series on State of the World Post-Covid Economic Brief; Digital disruption in the banking sector; and Transformation, evolution and innovation in the automotive sector | 4 to 6 August 2021 |
| | ASEAN Board Trends Survey 2022: What Keeps You Awake at Night? | 13 December 2021 |
| **Dato' Sri Che Khalib bin Mohamad Noh** | Briefing Session on the International Professional Practices Framework (IPFF) | 10 February 2021 |
| | *Pelancaran Kerangka Pelan Transformasi Industri Mineral Negara 2021-2030* | 22 April 2021 |
| | *Sesi Libat Urus Bersama YB Menteri di Jabatan Perdana Menteri (Ekonomi) mengenai kedudukan dan isu-isu ekonomi semasa, implikasi pelaksanaan Perintah Kawalan Pergerakan terhadap sektor ekonomi serta cabaran dalam meningkatkan kembali pertumbuhan ekonomi* | 21 July 2021 |
| | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| | *Sesi Libat Urus Majlis Tindakan Ekonomi Negara Bersama Pemain Industri Sektor Penerbangan* | 29 July 2021 |
| | BMMB Structure Shariah Training: Regulatory Framework and Legal Issues for Islamic Financing & Legal Documentations | 6 August 2021 |
| | Iskandar Malaysia CEO Roundtable Virtual Series 2021: "Beyond the Pandemic Rising the Next Economic Wave" – The Rising Expectations of Economic Change | 25 August 2021 |
| | EPU Webinar on "Infrastructure Development to Boost Economic Growth Post Covid-19" with YB Dato' Sri Mustapa Mohamed, Minister in the Prime Minister's Department (Economy) | 9 September 2021 |
| | *Sesi Libat Urus Bersama Sektor Swasta mengenai Kerjasama Awam Swasta PPP 3.0* | 4 October 2021 |
| | BMMB Business Continuity Management (BCM) Awareness Training | 8 October 2021 |
| | Webinar: EAC Dialogue: Advancing Sustainability: Preparing the Economy for the Climate Challenge with YB Dato' Sri Mustapa Mohamed, Minister in the Prime Minister's Department (Economy) | 9 November 2021 |

*Corporate Governance Overview Statement*

| NAME OF DIRECTOR | TRAINING/SEMINAR/CONFERENCE ATTENDED | DATE |
|---|---|---|
| **Nobuhisa Kobayashi** | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| **Kamalbahrin bin Ahmad** | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| **Tan Lye Chong** | MIA Conference 2021: Virtual MIA International Accountants Conference 2021, Malaysian Institute of Accountants | 8 to 10 June 2021 |
| | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| | MIA Webinar Series: MFRS 13 Fair Value Measurements Practical revision course with illustrative examples, Malaysian Institute of Accountants | 2 September 2021 |
| | MIA Webinar Series: The Importance of Considering the 'Code of Ethics' when Exercising Judgement in Financial Reporting, Malaysian Institute of Accountants | 22 November 2021 |
| | MIA Webinar Series : 2022 Budget Seminar, Malaysian Institute of Accountants | 25 November 2021 |
| **Datuk Syed Abu Bakar bin S Mohsin Almohdzar** | Developing a Digital Mind Map for Selling | 25 March 2021 |
| | SME Trends: Disruptive Innovations Impacting SMEs | 30 March 2021 |
| | Post Pandemic Economic Landscape: Building Resilient Industries | 7 April 2021 |
| | WIEF Straight Up: US and China: Navigating Market Uncertainties | 22 April 2021 |
| | Digitalisation trend creating opportunities in F&B | 4 May 2021 |
| | 11th WIEF Global Discourse - Internet of Bodies (IOB) "Merging Man and Machine" | 25 May 2021 |
| | WIEF POWERTALK: 365 days into the Pandemic | 9 June 2021 |
| | E-funding Avenues for SMEs | 24 June 2021 |
| | Game On: Tapping into Gaming and Esports Businesses | 27 July 2021 |
| | AI and Machine Learning in your business | 29 July 2021 |
| | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| | WIEF Face-To-Face: Reimaging Future Food Systems | 12 August 2021 |
| | Creative Industry - Harnessing Emerging Technologies | 19 August 2021 |
| | WIEF-Invest Selangor Powertalk | 14 September 2021 |
| | 12th WIEF Global Discourse – Digital Transformation and The Future of Education | 26 October 2021 |
| | MOCAfest Impact of Digital Technology on the Arts | 18 November 2021 |
| | Digitalisation trends | 23 November 2021 |
| | WIEF POWERTALK – Digital Banking: Driving Financial Inclusion for MSMEs | 25 November 2021 |
| | Diving into the Deep Blue: Possibilities for Islamic Finance | 30 November 2021 |
| | WIEF Roundtable, Revitalisation and Reform: Catalysing Growth | 15 & 16 December 2021 |

| NAME OF DIRECTOR | TRAINING/SEMINAR/CONFERENCE ATTENDED | DATE |
|---|---|---|
| **Datuk Puteh Rukiah binti Abd. Majid** | Money Services Business – Directors Education Programme | 23 to 25 April 2021 |
| | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| **Datuk Ooi Teik Huat** | Navigating Perform Transform: View from the top | 8 April 2021 |
| | Enterprise Risk Management – Cybersecurity Oversight in the Boardroom | 9 April 2021 |
| | Bank Muamalat Malaysia Berhad – Islamic Banking Seminar | 5 July 2021 |
| | Ask an Expert Webinar – Board Composition & Dynamics | 9 July 2021 |
| | Trends and Consideration for Compensation Matters | 14 July 2021 |
| | The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" | 29 July 2021 |
| | Lecture Series on State of the World Post-Covid Economic Brief; Digital disruption in the banking sector; and Transformation, evolution and innovation in the automotive sector | 4 to 6 August 2021 |
| | Anti-Bribery & Anti-Corruption: Understanding S17A of the Corporate Liability Provision & Establishing Adequate Procedures | 16 August 2021 |

All Directors have attended the MAP prescribed by Bursa Securities.

**Tenure of Independent Directors**

As of the date of this Annual Report, the following Independent Non-Executive Directors ("IDs") have and will exceed a cumulative term of nine years in 2022:

(i) YBhg Datuk Puteh Rukiah binti Abd. Majid (11 years by AGM 2022);
(ii) YBhg Datuk Syed Abu Bakar bin S Mohsin Almohdzar (11 years by AGM 2022);
(iii) Encik Tan Lye Chong (11 years by AGM 2022); and
(iv) YBhg Datuk Ooi Teik Huat (9 years by AGM 2022).

The Board, save for the abovementioned IDs, has determined that the IDs 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 IDs 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 IDs on the Board does not impair their exercise of independent and objective judgement, and the discharge of their fiduciary duties in the best interests of the Company and the Group. In addition, the expertise, skills and knowledge of the IDs 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 Board intends to retain them beyond nine years and therefore will seek annual shareholders' approval at the forthcoming AGM 2022.

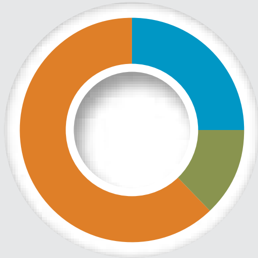
# *Corporate Governance Overview Statement*

**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 62 to 70.*

**Ethnicity**

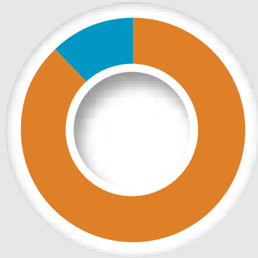


| | |
|---|---|
| Malay | **63%** |
| Chinese | **25%** |
| Others | **12%** |

**Age Diversity**

| | |
|---|---|
| 56-60 | **25%** |
| 61-65 | **38%** |
| 66-70 | **25%** |
| 71-75 | **12%** |

**Nationality**



| | |
|---|---|
| Malaysian | **88%** |
| Japanese | **12%** |

**Attendance of Meetings**

The number of Board and Committee Meetings held in FY2021 and the attendance of each member of the Board at the respective Board and Committee meetings are as follows:

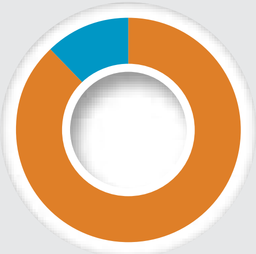
| Name | Designation |
|---|---|
| **Datuk Haji Hasni bin Harun (resigned on 30 June 2021)#** | Chairman of Board of Directors, Chairman of NRC, Independent, Non-Executive |
| **Tan Sri Wan Zulkiflee bin Wan Ariffin (appointed on 1 July 2021)*** | Chairman of Board of Directors, Chairman of NRC, Independent, Non-Executive |
| **Dato' Sri Che Khalib bin Mohamad Noh** | Non-Independent, Non-Executive |
| **Nobuhisa Kobayashi** | Chairman of RCC, Non-Independent, Non-Executive |
| **Kamalbahrin bin Ahmad** | Non-Independent, Non-Executive |
| **Shariza Sharis binti Mohd Yusof (Alternate Director to Kamalbahrin bin Ahmad)** | Alternate Director |
| **Tan Lye Chong** | Chairman of AC, Independent, Non-Executive |
| **Datuk Syed Abu Bakar bin S Mohsin Almohdzar** | Independent, Non-Executive |
| **Datuk Puteh Rukiah binti Abd. Majid** | Independent, Non-Executive |
| **Datuk Ooi Teik Huat** | Independent, Non-Executive |

*Notes:*

*# Reflects the number of meetings attended/held during FY2021 prior to his resignation as Director.*

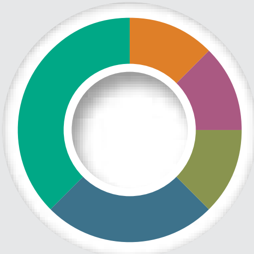
** Reflects the number of meetings attended/held during FY2021 after his appointment as Director.*

### Gender Diversity



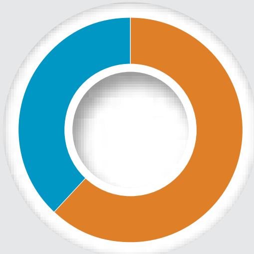
| | |
|---|---|
| Male | 88% |
| Female | 12% |

### Tenure of Director [Year(s)]



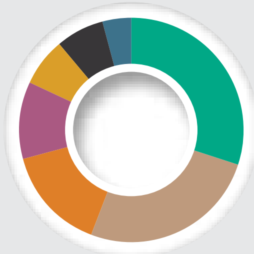
| | |
|---|---|
| Less than one year | 12.5% |
| 1-3 | 12.5% |
| 4-6 | 12.5% |
| 7-9 | 25% |
| 10-12 | 37.5% |

### Composition



| | |
|---|---|
| INED | 62% |
| NINED | 38% |

### Board Skills and Experience Matrix



| | |
|---|---|
| Leadership & Strategy | 30% |
| Economics | 26% |
| Accounting/ Finance | 15% |
| Engineering/ Technical | 11% |
| Commercial/ Marketing | 7% |
| Operations/ Industry Experience | 7% |
| Legal/ Regulatory | 4% |

**Meeting Attendance**

| | Board of Directors | Nomination & Remuneration Committee | Audit Committee | Risk & Compliance Committee | Gas Procurement & Tariff Setting Committee |
|---|---|---|---|---|---|
| | 4/4 | 3/3 | - | - | 2/2 |
| | 3/3 | 2/2 | - | - | 1/1 |
| | 6/7 | - | - | - | 3/3 |
| | 7/7 | - | - | 2/2 | 3/3 |
| | 5/7 | - | - | 2/2 | - |
| | 2/2 | - | - | - | - |
| | 7/7 | - | 5/5 | - | 3/3 |
| | 7/7 | 5/5 | - | 2/2 | - |
| | 7/7 | 5/5 | 5/5 | - | - |
| | 7/7 | - | 5/5 | - | - |

**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 appointments.

**Whistleblower Policy**

The Whistleblower 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 Whistleblower Policy as well as the relevant procedures including the whistleblowing avenues available for them.

The Company's Whistleblower Policy which was last revised in February 2021 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 Non-Executive Directors and Senior Management.

## NRC Nomination & Remuneration Committee

The NRC comprises:

| Name of Director | Designation |
|---|---|
| **Tan Sri Wan Zulkiflee bin Wan Ariffin** | 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 IDs, 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 five 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 annual performance of the Board, Board Committees and individual directors, including IDs and thereafter recommended for re-election of directors at the AGM;
- 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 extension of employment of Senior Management;
- Reviewed and recommended to the Board the salary revision of Senior Management;
- Reviewed the succession planning on Management Critical Positions and recommended to the Board; and
- Reviewed the terms and conditions of service for employees.

*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 Independent Non-Executive Directors, the NRC will evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; 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.

# Corporate Governance Overview Statement

For the year under review, the evaluation was conducted through the questionnaires circulated to the Board covering various aspects pertaining to Board effectiveness such as Board mix and composition, principal responsibilities of the Board, Board process, GCEO performance and succession planning, Board governance and Environmental, Social & Governance ("ESG") issues.

Additional questionnaires on independent directorship were provided to all Independent Directors. Outcomes of the evaluations are generated based on the Directors' feedbacks on the questionnaires. Upon evaluation, the NRC will consider and recommend measures to upgrade the effectiveness of the Board and its Committees. All evaluations carried out by the NRC in the discharge of all its functions are properly documented.

Based on the evaluation conducted for the financial year under review, the Board opined that the existing structure of the Board is highly effective due to the following:

- The Company has a well-balanced Board. The Board is of the right size and comprises of individuals who have diverse skills, knowledge, experience and expertise that combines to provide different perspectives and effective board dynamics. Thus, it enables effective and constructive deliberations whereby any decision made is founded on detailed and balance considerations;

- The Directors are committed, continuously remain highly effective by demonstrating good jugdement, credibility, strategic thinking, industry knowledge and decision making ability, and have discharged their responsibilities and fiduciary duties as members of the Board; and

- The Board has sound knowledge and understanding of the Group's business and challenges as well as the industry in which the Group operates and is able to chart strategic direction of the Group.

In conclusion, based on the evaluation 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.

The results of these evaluation form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming AGM of the Company.

**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 2021 are as follows:

| NAME OF DIRECTOR | DIRECTORS' FEES (RM'000) | OTHER ALLOWANCES [NOTE a] (RM'000) | TOTAL (RM'000) |
|---|---|---|---|
| Datuk Haji Hasni bin Harun (resigned on 30 June 2021) | 198 | 23 | 221 |
| Tan Sri Wan Zulkiflee bin Wan Ariffin (appointed on 1 July 2021) | 198 | 35 | 233 |
| Dato' Sri Che Khalib bin Mohamad Noh | 126 (Note b) | 26 (Note c) | 152 |
| Nobuhisa Kobayashi | 174 | 31 | 205 (Note d) |
| Kamalbahrin bin Ahmad | 126 | 39 | 165 |
| Datuk Syed Abu Bakar bin S Mohsin Almohdzar | 150 | 38 | 188 |
| Datuk Puteh Rukiah binti Abd. Majid | 150 | 66 | 216 |
| Tan Lye Chong | 174 | 44 | 218 |
| Datuk Ooi Teik Huat | 126 | 46 | 172 |
| Shariza Sharis binti Mohd Yusof (Alternate Director to Kamalbahrin bin Ahmad) | - | 5 | 5 |
| **Total** | **1,422** | **353** | **1,775** |

*Notes:*
*(a) Other allowances comprise the meeting allowances, telephone allowance, annual token and annual leave passage.*
*(b) Dato' Sri Che Khalib bin Mohamad Noh received half of the Directors' Fees and Board Committee's Fees, another half amounting to RM63,000 was paid to MMC Corporation Berhad.*
*(c) Dato' Sri Che Khalib bin Mohamad Noh received half of the meeting allowance, another half amounting to RM10,250 was paid to MMC Corporation Berhad.*
*(d) All Directors' Fees and Other allowances amounting to RM205,000 were paid to Tokyo Gas-Mitsui Co. Holdings Sdn Bhd.*

**Remuneration of top five Senior Management**

Details of top five Senior Management remuneration as at 31 December 2021 on a named basis (including benefits-in-kind) in respective bands of RM100,000 are as follows:

| NAME OF SENIOR MANAGEMENT | DESIGNATION | TOTAL REMUNERATION RANGE IN YEAR 2021 (RM'000) | | | | |
|---|---|---|---|---|---|---|
| | | 800-900 | 900-1,000 | 1,100-1,200 | 1,600-1,700 | 2,500-2,600 |
| Ahmad Hashimi bin Abdul Manap | Group Chief Executive Officer | | | | | √ |
| Shahrir bin Shariff | Director of Commercial | | | | √ | |
| Mohd Nisharuddin bin Mohd Noor | Director of Technical & Operations | | | √ | | |
| Mohamad Farid bin Ghazali | Director of Marketing | | √ | | | |
| Zafian bin Supiat | Chief Financial Officer | √ | | | | |

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee ("AC")

**AC Audit Committee**

The AC comprises three Independent Directors:

| 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 arms-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 Conduct.

*Details of AC activities are reported in Audit Committee Report on pages 97 to 103 of this Annual Report.*

# Corporate Governance Overview Statement

## II. Risk Management and Internal Control

The Board manages and performs its risk management and internal control through the Risk & Compliance Committee ("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.

### RCC Risk & Compliance Committee

The RCC comprises:

| 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 of Risk Management and Internal Controls on pages 89 to 95 of this Annual Report.*

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

## I. Engagement 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.

The Company is actively engaging with stakeholders through various platforms. Bound with limited movement amid Covid-19 in year 2021, most of our engagement programmes were conducted virtually without compromising on our commitment towards seeking effective outcomes with our stakeholders.

## 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 30th AGM held on 25 May 2021 was sent to shareholders on 26 April 2021. The notice includes details of the resolutions to be tabled and explanation on the resolutions proposed along with background information and reports or recommendations that are relevant.

In view of the Covid-19 pandemic and as part of the Company's precautionary measures, the 30th 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 updated MCCG 2021, the Group has been focusing on and remain 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 2021. The Company has applied and adopted all the Practices under MCCG 2021, with the exception of Practices that are listed in the table below. Nevertheless, the Board endeavours to achieve full application and adoption in the future.

The Board in November 2021, deliberated on gap analysis and recommended action plan for implementation to address the gaps based on the updated MCCG 2021.

The summary of the Practices that were in 'Departure' from the practices listed in MCCG 2021, their alternatives and action plans to address these departures are as follow:

| PRINCIPLE | PRACTICE | GAP SUMMARY |
|---|---|---|
| **A - Board Leadership and Effectiveness** | **Practice 1.4**<br>The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee | Currently, the Board is chaired by Tan Sri Wan Zulkiflee bin Wan Ariffin, an Independent Director who also assume the position of the Chairman of the NRC.<br><br>The NRC at its meeting held in August 2021 and the Board in November 2021's meeting had concurred that the Chairman is able to conduct himself professionally and thus will not impair the objectivity when deliberating on observations and recommendation put forth by the NRC.<br><br>Strengthen with the presence of other Board members to ensure there is a check and balance as well as objective review by the Board. |

*Corporate Governance Overview Statement*

| PRINCIPLE | PRACTICE | GAP SUMMARY |
|---|---|---|
| **A - Board Leadership and Effectiveness** | **Practice 5.9**<br>The board comprises at least 30% women directors. | The percentage of women on the Board as at 31 December 2021 is 12.5%, lower than the 30% as prescribed in this Practice. Currently the Board has one female Director. The Company however complied with the Paragraph 15.02(1)(b) of the MMLR which stipulates the requirement for listed issuers with market capitalization of RM2 billion and above to have at least one woman director on the Board.<br><br>The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and recognises the importance of boardroom diversity in terms of experience, skills, competence, age, gender and ethnicity.<br><br>The Board through its NRC has also assessed that the current Board composition is appropriate and effective. Nevertheless, the Board supports the move to appoint more female Directors to the Board. The Board is guided by the principal that appointment of new Board members shall not be based solely on gender but rather the candidate's skill set, competencies, experience and knowledge. |
| | **Practice 8.2**<br>The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. | The Company believes that the disclosure of the top five senior management's remuneration in the band of RM100,000 is sufficient to allow shareholders to understand the link between senior management's remuneration and the Company's performance as well as skills and experience required.<br><br>The remuneration of top five Senior Management has been disclosed on named basis in bands of RM100,000 in the Corporate Governance Overview Statement in the Annual Report. |
| **C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders** | **Practice 12.2**<br>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.<br><br>Nevertheless, there are coordinated efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.<br><br>The Board believes that the current reporting structure and depth of disclosures in the Annual Report is sufficient to enable stakeholders to make informed decisions.<br><br>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 2021 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 2021, save as disclosed above.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 17 March 2022.

# Statement on Risk Management and Internal Control

## Introduction

Gas Malaysia Berhad ("Company") 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 13 January 2022 had reviewed and accepted the business risk presented by the Group. The Management continuously monitors the Group's subsidiaries' 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:

## A) 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 the Group. 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") 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 (2) 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 (3) 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:

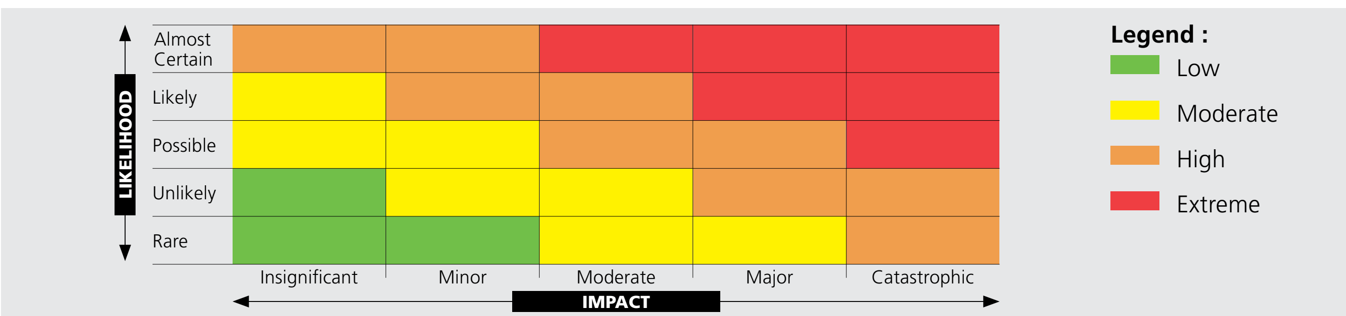
a) To review the processes for determining and communicating the Group's risk appetite.
b) To oversee the establishment and implementation of the risk management system of the Group of which the effectiveness of the system is reviewed annually.
c) To review and approve the risk management framework and 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 (2) 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 (2) 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 performed 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.

## B) 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 risk issues affecting the Group and control procedures to mitigate those risks. 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. Taking into cognizance Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 that came into force in June 2020, the Group therefore adopted and implemented an Anti-Bribery and Anti-Corruption Policy and Framework, which was later revised and approved by the Board of Directors on 5 February 2021. 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") 2021. This Statement is made in accordance with a resolution of the Board of Directors dated 17 March 2022.

## 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, 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 2021, and of the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2021.

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 17 March 2022.

# 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"), which was last reviewed on 17 March 2022. The AC TOR is accessible to the public for reference on Gas Malaysia's website at https://www.gasmalaysia.com/investor-relations/corporate-governances/.

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2021.

## AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

- The AC comprises three (3) Independent Directors as of 31 December 2021, 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 (3) 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 on Corporate Governance ("MCCG") 2021.

- Two (2) 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 2021, five (5) AC meetings were held. This satisfies Paragraph 5.1 of the AC TOR, which requires the AC to meet at least four (4) 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 (4) of the meetings held were planned quarterly meetings while one (1) was a special meeting.

- The details of AC members and their attendance records at the AC meetings held during the financial year ended 31 December 2021 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 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.

*Audit Committee Report*

## SUMMARY OF ACTIVITIES OF THE AC

During the financial year ended 31 December 2021, the AC discharged its functions and carried out its duties by undertaking the following activities:

**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 2021 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 statutory consolidated 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 consolidated financial statements, discussed the key audit matters included in the external auditors' report on the statutory consolidated 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 the financial year ended 31 December 2021 for inclusion in the Company Annual Report 2021 were reviewed and recommended for Board approval by the AC on 15 March 2022. The AC had obtained assurance from the management that all the statements and reports have complied with MMLR.

- The Corporate Governance Report for the financial year ended 31 December 2021 was reviewed and recommended for Board approval by the AC on 15 March 2022.

**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 monitored that the 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.

**Internal Audit**

- Reviewed and approved the Annual Internal Audit Plan for 2022, 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 adequacy and effectiveness of governance, risk management and internal controls, audit recommendations and the Management's responses to 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 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.

- Reviewed and endorsed the draft revised TOR for the Board's approval. The changes made to the TOR took into consideration the requirements set in Chapter 15 of the MMLR and implementation of best practices stipulated in the MCCG 2021.

- AC reviewed internal audit's organisational independence declaration for the financial year 2021, 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 has been no conflict-of-interest situation arising from internal audit's audit engagements for the financial year 2021.

- AC took note on status of Internal Audit Quality Assurance and Improvement Program ("QAIP") for the financial year 2021 which was established based on improvement opportunities highlighted in the external assessment results for the financial year 2019.

- Evaluated and discussed the effectiveness of the internal audit functions and recommended areas for improvement.

- 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 half-yearly interim financial information on 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 performance and independence of the external auditors, Messrs. PricewaterhouseCoopers PLT ("PwC"), for the financial year ended 31 December 2021. The assessment was based particularly on independence and objectivity, effectiveness and timely completion of audit, effectiveness of audit communication, technical competencies, quality assurance review, 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.

# Audit Committee Report

- 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 2021, the amounts incurred are for (i) statutory audit, which was RM261,700; (ii) other audit related service, which was RM68,300; and (iii) non-audit related service, which was RM5,000. The other audit related service was in respect of review of the half-yearly 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 in accordance with 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.

**Others**

- The AC members have attended various relevant development and training programs which are set out in pages 75 to 88 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 2021, 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 of 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 ("MMC") 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.

**Practice and Framework**

- 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.

- To effectively manage its functions and perform the audit activities, 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.

**Scope and Coverage**

- IAD's purpose, objectives, authority and responsibilities are spelt out in the Internal Audit Charter which was endorsed by the AC and approved by the Board, with last revision date on 14 November 2018.

- 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.

- IAD prepared its Annual Internal Audit Plan 2021 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.

- IAD is also responsible for the administration of the Group's Whistleblower Policy, with last revision date of 5 February 2021, which provides an avenue for employees and third parties dealing with the Group to disclose cases of improper conduct. The Whistleblower Policy is accessible to the public for reference on Gas Malaysia's website at https://www.gasmalaysia.com/investor-relations/corporate-governances/.

**Resources, Professional Qualifications and Continuous Development**

- There were five (5) staff in IAD during the financial year, comprising four (4) internal auditors and one (1) non-audit staff.

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

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

- As of 31 December 2021, the professional qualifications, and certifications for the IAD staff are as follows:

| Professional Bodies | No. of Staff |
|---|---|
| Institute of Internal Auditors (IIA) | 4 |
| Association of Chartered Certified Accountants (ACCA) – Fellow | 1 |
| Association of Chartered Certified Accountants (ACCA) – Affiliate | 1 |
| Malaysian Institute of Accountants (MIA) – Chartered Accountant | 1 |
| Information Systems Audit and Control Association (ISACA) | 1 |
| **Certification** | **No. of Staff** |
| Certified Internal Auditor (CIA) | 1 |

*Note: Some staff have more than one (1) professional membership*

- The total cost incurred by IAD during the financial year ended 31 December 2021 was RM1,018,815.65.

# Audit Committee Report

## SUMMARY OF ACTIVITIES BY INTERNAL AUDITORS

- Revised Whistleblower Policy and sought AC's endorsement for Board's approval. The changes made to the Whistleblower Policy are to update with the latest requirements of the Companies Act 2016, as well as to strengthen the existing governance, risk management and internal control processes within the policy.

- Participated in quarterly knowledge sharing sessions with internal audit function of MMC Group.

- Quarterly updates were prepared for the AC detailing the following:
  - Status of Audit Plan 2021 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 fraud, whistleblowing, and anti-bribery 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 nine (9) planned audit assignments were conducted covering the governance, risk management and internal controls in the areas, as follows:
  - Control Systems & Environment and Risk Management (Business Continuity Management & Crisis Management and Management of Outsourced Services);
  - Management of Equipment and Stock;
  - Travelling, Entertainment & Training and Development;
  - Management and Monitoring of Maintenance Services;
  - Management and Oversight on Third-Party Contractors;
  - Tendering Process & eProcurement Software;
  - Gas Market Operation – Data & Billings Management;
  - RPTs & RRPTs; and
  - Management of Stock Take for 2nd Half 2021.

- Performed eight (8) 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:

  - Tendering Process;
  - Risk Management;
  - Management of Accounting & Finance;
  - Management of Stock Take for 2nd Half 2019;
  - Audit Committee Report – Internal Control Recommendations for Financial Year Ended 31 December 2019;
  - Audit Committee Report – Internal Control Recommendations for Financial Year Ended 31 December 2020;
  - Cybersecurity Risk Assessment – Information System; and
  - Cybersecurity Risk Assessment – Gas Distribution Management.

- IAD also conducted reviews 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. The assessment was conducted to evaluate whether the internal audit activities conform with the standards and principles of IPPF, and whether internal auditors apply the IIA Code of Ethics.

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

- 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 2021 in accordance with the terms of the relevant professional and regulatory requirements.

The Audit Committee Report has been approved by the Board of Directors at its meeting on 17 March 2022.

# Additional Compliance Information

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

No proceed was raised by the Company from any corporate proposal.

## 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 2021 amounted to RM330,000.00 and RM143,000.00 respectively.

The amount of non-audit fees paid to external auditors by the Group and the Company for services rendered amounted to RM5,000.00.

## 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 2021.

## 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 30th AGM held on 25 May 2021, 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 31st 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 2021 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 2021 | Nature of transactions |
|---|---|---|---|---|
| PETRONAS Dagangan Berhad ("PDB") | Gas Malaysia Group | **Interested Major Shareholders**<br>PETRONAS[(a)]<br>PGB[(b)]<br><br>**Interested Directors**<br>Kamalbahrin bin Ahmad[(c)]<br>Shariza Sharis binti Mohd Yusof[(d)]<br><br>**Interested Persons Connected**<br>None | RM8,591,411.45 | Purchase of Liquefied Petroleum Gas by Gas Malaysia Group from PDB. |

# *Additional Compliance Information*

| Related Parties | Companies within our Group | Name of Interested Related Parties | Value of transactions for FYE 2021 | Nature of transactions |
|---|---|---|---|---|
| Petroliam Nasional Berhad ("PETRONAS") Group | Gas Malaysia Group | **Interested Major Shareholders**<br>PETRONAS[(a)]<br>PGB[(b)]<br><br>**Interested Directors**<br>Kamalbahrin bin Ahmad[(c)]<br>Shariza Sharis binti Mohd Yusof[(d)]<br><br>**Interested Persons Connected**<br>None | RM6,073,859.11 | Tolling fees paid by PETRONAS Group to Gas Malaysia Group for the transportation of gas to PETRONAS's customers. |
| PGB | Gas Malaysia Group | | 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.<br><br>The payment is made annually and the tenancy agreement is automatically renewed every three years. |
| PETRONAS Group | Gas Malaysia Group | | RM4,160,924.19 | Cash contribution paid by Gas Malaysia Group to PETRONAS Group for the construction of new city gate stations and all other necessary facilities and the upgrading of existing facilities by PETRONAS Group. |
| PETRONAS Group | Gas Malaysia Group | | RM5,251,787,573.81 | Purchase of Natural Gas by Gas Malaysia Group from PETRONAS Group. |
| PETRONAS Group | Gas Malaysia Group | | RM0.00* | Purchase of spot LNG cargo by Gas Malaysia Group, from PETRONAS Group. |
| PETRONAS Group | Gas Malaysia Group | | RM0.00** | Tolling fees paid by Gas Malaysia Group to PETRONAS Group for regasification and transportation of gas. |

*Notes:*

* *No transaction for the year under review due to unavailability of slot for cargo delivery.*

** *No transaction for the year under review due to non-utilisation of the facilities.*

# *Additional Compliance Information*

| Related Parties | Companies within our Group | Name of Interested Related Parties | Value of transactions for FYE 2021 | Nature of transactions |
|---|---|---|---|---|
| DRB-HICOM Group | Gas Malaysia Group | **Interested Major Shareholders**<br>Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor[e]<br>ICSB[f]<br>STJSB[g]<br>MMC[h]<br>AOA[i]<br><br>**Interested Directors**<br>Tan Sri Wan Zulkiflee bin Wan Ariffin[j]<br>Datuk Ooi Teik Huat[k]<br><br>**Interested Persons Connected**<br>None | RM6,414,112.92 | Purchase of CNG by DRB-HICOM Group from Gas Malaysia Group. |
| DRB-HICOM Group | Gas Malaysia Group | | RM0.00# | Supply of natural gas by Gas Malaysia Group. |
| Tradewinds Corp Group | Gas Malaysia Group | | RM0.00# | Supply of natural gas by Gas Malaysia Group. |
| Mitsui & Co. | Gas Malaysia Group | **Interested Major Shareholders**<br>Mitsui & Co[l]<br>Mitsui & Co.(M)[m]<br>TGM[n]<br><br>**Interested Directors**<br>Nobuhisa Kobayashi[q]<br><br>**Interested Persons Connected**<br>None | RM0.00* | Purchase of spot Liquefied Natural Gas cargo by Gas Malaysia Group, from Mitsui & Co. |
| GMEA | Gas Malaysia Group | **Interested Major Shareholders**<br>TG[o]<br>TGIH[p]<br>TGM[n]<br><br>**Interested Directors**<br>Nobuhisa Kobayashi[q]<br><br>**Interested Persons Connected**<br>None | RM0.00# | Supply of natural gas by Gas Malaysia Group. |

*Notes:*

* *No transaction for the year under review due to unavailability of slot for cargo delivery.*

# *The sale of gas be deemed as 'Exempted Transaction' until 31 December 2021 pursuant to the Main Market Listing Requirements.*

# *Additional Compliance Information*

*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] Tan Sri Wan Zulkiflee bin Wan Ariffin is a Chairman of Gas Malaysia and Chairman of DRB-HICOM.*
*[k] Datuk Ooi Teik Huat is a Director of Gas Malaysia and DRB-HICOM.*
*[l] Mitsui & Co. Ltd 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.*
*[m] Mitsui & Co. (M) is deemed interested in Gas Malaysia through its shareholding in Tokyo Gas – Mitsui & Co. Holdings Sdn Bhd ("TGM") pursuant to Section 8 of the Act.*
*[n] TGM is a Major Shareholder of Gas Malaysia with a direct shareholding of 18.5%.*
*[o] Tokyo Gas Co. Ltd is deemed interested in Gas Malaysia through its shareholding in Tokyo Gas International Holdings B.V. ("TGIH") pursuant to Section 8 of the Act.*
*[p] TGIH is deemed interested in Gas Malaysia through its shareholding in TGM pursuant to Section 8 of the Act.*
*[q] Nobuhisa Kobayashi is the Director of Gas Malaysia and Director of TGM.*

# Additional Compliance Information

## 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 five 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.

(e) District Station located at Lot 1202, Batu 3 ½, Pantai Kundur, Tangga Batu, 76400 Melaka:
Terminated and fully dismantled subsequent to the commissioning of a newly constructed district station in Tangga Batu Industrial area on 28 April 2021.

To date, there are a total of four 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,<br>Jalan Angkasa Mas,<br>Tebrau II Industrial area,<br>Johor | HS(D) 281750, PTD 64065,<br>Mukim Tebrau,<br>Daerah Johor Bahru,<br>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.<br><br>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,<br>Tebrau Industrial Estate | HS(D)472167, (PTD 138472),<br>Mukim Tebrau, Tempat Kawasan Perindustrian Tebrau IV,<br>Daerah Johor Bahru,<br>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.<br><br>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,<br>Off Jalan Tampoi<br>(Perisind Auto) | HS(D) 29209, PTB 12374,<br>Bandar Johor Bahru,<br>Daerah Johor Bahru,<br>Johor | District station | Gas Malaysia has yet to obtain the Consent Letter from Johor Bahru Land Office with regards to the Land Acquisition Application.<br><br>Gas Malaysia will continue to follow up with the Land Office. |
| 4. | Lot 11, Mukim Tanjung 12,<br>Teluk Panglima Garang,<br>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.<br><br>Gas Malaysia will continuously follow up with the landlord on the status of the issuance of the title. |

# Directors' Report

For the Financial Year ended 31 December 2021

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 2021.

## 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:

Tan Sri Wan Zulkiflee bin Wan Ariffin (appointed on 1 July 2021)
Datuk Haji Hasni bin Harun (resigned on 30 June 2021)
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

In accordance with Clause 107 of the Company's constitution, Tan Sri Wan Zulkiflee bin Wan Ariffin shall retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election as a Director.

In accordance with Clause 101 of the Company's constitution, Datuk Syed Abu Bakar bin S Mohsin Almohdzar and Datuk Ooi Teik Huat 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 provision of management services and investment holdings.

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) selling of LPG via a reticulation system and providing related services and energy solution to commercial and residential sectors;
(d) sale, supply and transport of Compressed Natural Gas ("CNG");
(e) property holding; and
(f) 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 | **249,622** | **215,825** |

## 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.

# *Directors' Report*

*For the Financial Year ended 31 December 2021*

## 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 for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The amount of insurance premium paid for the financial year ended 31 December 2021 was RM25,882.

## 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 1.1.2021 | Acquired | Disposed | Balance at 31.12.2021 |
| Director with direct interest in the Company | | | | |
| Tan Lye Chong | 50,000 | 0 | 0 | 50,000 |

## DIVIDENDS

The dividends paid or declared by the Company since 31 December 2020 are as follows:

In respect of the financial year ended 31 December 2020, as reported in the Directors' Report for the previous financial year:

| | RM'000 |
|---|---|
| Second interim dividend paid on 31 March 2021: | |
| - 5.40 sen per ordinary share | 69,336 |
| Final dividend paid on 22 July 2021: | |
| - 5.40 sen per ordinary share | 69,336 |
| | **138,672** |

## DIVIDENDS (CONTINUED)

In respect of the financial year ended 31 December 2021:

| | RM'000 |
|---|---|
| First interim dividend paid on 28 October 2021: | |
| - 4.80 sen per ordinary share | 61,632 |
| Second interim dividend declared on 16 February 2022*: | |
| - 6.00 sen per ordinary share | 77,040 |
| Final dividend declared on 17 March 2022*: | |
| - 6.87 sen per ordinary share | 88,211 |
| | **226,883** |

* The above second interim and the final dividend declared subsequent to the financial year ended 31 December 2021 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

## 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.

# *Directors' Report*

*For the Financial Year ended 31 December 2021*

## 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; 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.

*Directors' Report*
*For the Financial Year ended 31 December 2021*

## 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 2021.

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

None of the subsidiaries hold any shares in the holding company and other related companies for the financial year ended 31 December 2021.

## 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 17 March 2022. Signed on behalf of the Board of Directors:

**TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN**
CHAIRMAN

**TAN LYE CHONG**
DIRECTOR

Shah Alam

# Statement By Directors

Pursuant to section 251 (2) of the companies Act 2016

We, Tan Sri Wan Zulkiflee bin Wan Ariffin and Tan Lye Chong, being two of the Directors of Gas Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 122 to 205 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 2021 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 17 March 2022.

**TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN**
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 122 to 205 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 in Malaysia.

**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 17 March 2022.

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 2021, 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 2021 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 122 to 205.

### 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.

### 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.

# *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 (CONTINUED)

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Impact of Incentive-Based Regulation** | |
| 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 revision and amendments to the existing Incentive-Based Regulation ("IBR") pursuant to the implementation of the Third Party Access ("TPA") system on 1 January 2020.<br><br>Two mechanisms, referred to as the revenue cap and the price cap adjustments (collectively known as "the mechanism"), have been introduced as an integral component of the IBR under the TPA system. Tariffs applicable for the distribution and the retailing of gas are determined using the mechanism, which amongst others, allows the Group to pass through the variances arising from the estimated and actual firm capacity reservations.<br><br>Management's basis of the revenue recognition and recovery of the outstanding balance arising from the Group's rights and obligations under the IBR and TPA system are set out in Note 3(aa)(iii) and Note 17 to the financial statements.<br><br>We focused on this area to confirm our understanding of the Group's rights and obligations under the IBR and to check the basis of revenue recognition of the Group during the financial year and the recovery of the outstanding balance as at the reporting date. | Our work done were as follows:<br><br>• We confirmed our understanding of the rights and obligations between the Group with the customers and Government under the IBR and the application of the revenue cap and price cap adjustments remain appropriate by reading supporting documentations such as the relevant meetings' minutes, licensing conditions, and applicable legislation governing the IBR under the TPA system.<br><br>In addition, we discussed with the Group's senior management 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, which was supported by an external legal opinion obtained by management on the legislation governing the IBR under the TPA system.<br><br>• 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.<br><br>• We obtained from management, the estimates on the firm capacity reservations and annual revenue requirement and agreed these to the submissions to the EC.<br><br>• We checked the variance in the firm capacity reservation between the estimates used in determining the tariffs and the actual firm capacity reservation of the Group.<br><br>• We sighted to the EC's approval on the revenue cap adjustment for the under recovery of revenue, which supports the recovery of the outstanding balance as at the reporting date.<br><br>Based on the procedures performed, there were no material exceptions. |

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 RM384.5 million and RM40.5 million respectively as at 31 December 2021 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 its gas network.<br><br>Management's judgement used in determining the estimates is set out in Note 3(aa)(ii) to the financial statements. | We performed the following:<br><br>• 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.<br><br>• 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.<br><br>• For billings that have not been issued by the supplier subsequent to the reporting date, we tested the management's computation of the gas volume consumed against the gas volume sold to the customers.<br><br>• 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.<br><br>Based on the procedures 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 and Chairman's Statement and the other sections of the 2021 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.

# *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 (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**
03203/07/2023 J
Chartered Accountant

Kuala Lumpur
17 March 2022

# Statements of Comprehensive Income

For The Financial Year Ended 31 December 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| Revenue | 4 | **5,851,600** | 6,686,868 | **232,938** | 1,696,596 |
| Cost of sales | 5 | **(5,451,249)** | (6,327,648) | **(13,329)** | (1,628,979) |
| Gross profit | | **400,351** | 359,220 | **219,609** | 67,617 |
| Administrative expenses | 5 | **(65,798)** | (68,596) | **(2,502)** | (17,099) |
| Selling and distribution expenses | 5 | **(629)** | (823) | **0** | 0 |
| Other operating income | | **2,368** | 2,666 | **1,081** | 1,533 |
| Profit from operations | 6 | **336,292** | 292,467 | **218,188** | 52,051 |
| Finance costs | 9 | **(10,431)** | (14,488) | **(3)** | (38) |
| Share of results in joint ventures | | **(672)** | 413 | **0** | 0 |
| Finance income | 9 | **5,209** | 12,451 | **1,831** | 10,072 |
| Profit before zakat and taxation | | **330,398** | 290,843 | **220,016** | 62,085 |
| Zakat | | **(3,500)** | (3,500) | **(100)** | (100) |
| Tax (expense)/credit | 10 | **(77,276)** | (74,721) | **(4,091)** | 166,111 |
| Net profit for the financial year | | **249,622** | 212,622 | **215,825** | 228,096 |
| Other comprehensive income/(loss) (net of tax): | | | | | |
| *Items that will be reclassified to profit or loss* | | | | | |
| Share of other comprehensive income/(loss) of a joint venture | | | | | |
| - Cash flow hedge | | **618** | (1,585) | **0** | 0 |
| Total comprehensive income for the financial year | | **250,240** | 211,037 | **215,825** | 228,096 |
| Net profit attributable to: | | | | | |
| - Owners of the Parent | | **249,622** | 212,622 | **215,825** | 228,096 |
| Total comprehensive income attributable to: | | | | | |
| - Owners of the Parent | | **250,240** | 211,037 | **215,825** | 228,096 |
| Earnings per ordinary share attributable to the equity holders of the Company: | | | | | |
| - Basic and diluted earnings per share (RM) | 11 | **0.19** | 0.17 | | |

The notes on pages 132 to 205 form an integral part of these financial statements.

# Statements of Financial Position

As At 31 December 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 12 | **1,532,554** | 1,448,326 | **342** | 428 |
| Right-of-use assets | 13 | **17,440** | 19,055 | **0** | 0 |
| Investments in subsidiaries | 14 | **0** | 0 | **1,274,447** | 1,241,447 |
| Investments in joint ventures | 15 | **66,377** | 66,251 | **0** | 33,000 |
| Amounts due from subsidiaries | 16 | **0** | 0 | **36,540** | 37,019 |
| Other receivables | 17 | **16,959** | 17,690 | **0** | 0 |
| Deferred tax assets | 23 | **1,714** | 2,156 | **707** | 1,034 |
| | | **1,635,044** | 1,553,478 | **1,312,036** | 1,312,928 |
| **CURRENT ASSETS** | | | | | |
| Trade and other receivables | 17 | **750,486** | 770,656 | **2,620** | 87,809 |
| Tax recoverable | | **26,950** | 23,074 | **20,187** | 23,013 |
| Investment funds with licensed financial institutions | 18 | **413,000** | 77,000 | **4,000** | 24,000 |
| Cash and cash equivalents | 19 | **42,947** | 232,835 | **8,592** | 9,933 |
| | | **1,233,383** | 1,103,565 | **35,399** | 144,755 |
| Total assets | | **2,868,427** | 2,657,043 | **1,347,435** | 1,457,683 |
| **EQUITY AND LIABILITIES** | | | | | |
| Share capital | 20 | **642,000** | 642,000 | **642,000** | 642,000 |
| Cash flow hedge reserve | | **3,447** | 2,829 | **0** | 0 |
| Retained profits | 21 | **484,599** | 435,281 | **451,318** | 435,797 |
| Total equity | | **1,130,046** | 1,080,110 | **1,093,318** | 1,077,797 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Redeemable preference share | 22 | **0*** | 0* | **0*** | 0* |
| Deferred tax liabilities | 23 | **199,036** | 175,452 | **0** | 0 |
| Contract liabilities | 24 | **1,262** | 8,491 | **0** | 0 |
| Borrowings | 26 | **11,000** | 111,000 | **0** | 0 |
| Lease liabilities | 27 | **2,351** | 3,389 | **0** | 0 |
| | | **213,649** | 298,332 | **0** | 0 |

* Denotes RM0.50

The notes on pages 132 to 205 form an integral part of these financial statements.

# *Statements of Financial Position*

*As At 31 December 2021*

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 25 | **1,191,881** | 963,242 | **46,134** | 47,357 |
| Contract liabilities | 24 | **6,889** | 4,529 | **0** | 0 |
| Amounts due to subsidiaries | 16 | **0** | 0 | **207,983** | 332,529 |
| Borrowings | 26 | **320,198** | 285,720 | **0** | 0 |
| Lease liabilities | 27 | **821** | 1,016 | **0** | 0 |
| Tax payable | | **4,943** | 24,094 | **0** | 0 |
| | | **1,524,732** | 1,278,601 | **254,117** | 379,886 |
| Total liabilities | | **1,738,381** | 1,576,933 | **254,117** | 379,886 |
| Total equity and liabilities | | **2,868,427** | 2,657,043 | **1,347,435** | 1,457,683 |

The notes on pages 132 to 205 form an integral part of these financial statements.

# Statements of Changes In Equity

For The Financial Year Ended 31 December 2021

| | Note | Share capital RM'000 | Cash flow hedge reserve* RM'000 | Retained profits RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2021 | | **642,000** | **2,829** | **435,281** | **1,080,100** |
| Net profit for the financial year | | **0** | **0** | **249,622** | **249,622** |
| Other comprehensive income for the financial year | | **0** | **618** | **0** | **618** |
| Total comprehensive income for the financial year | | **0** | **618** | **249,622** | **250,240** |
| Transactions with owners: | | | | | |
| Dividend: financial year ended 31 December 2021 | 28 | **0** | **0** | **(61,632)** | **(61,632)** |
| Dividend: financial year ended 31 December 2020 | 28 | **0** | **0** | **(138,672)** | **(138,672)** |
| Total transactions with owners | | **0** | **0** | **(200,304)** | **(200,304)** |
| At 31 December 2021 | | **642,000** | **3,447** | **484,599** | **1,130,046** |
| **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 |

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

The notes on pages 132 to 205 form an integral part of these financial statements.

# *Statements of Changes In Equity*

*For The Financial Year Ended 31 December 2021*

| | Note | Share capital RM'000 | Retained profits RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| At 1 January 2021 | | **642,000** | **435,797** | **1,077,797** |
| Net profit for the financial year/Total comprehensive income for the financial year | | **0** | **215,825** | **215,825** |
| Transactions with owners: | | | | |
| Dividend: financial year ended 31 December 2021 | 28 | **0** | **(61,632)** | **(61,632)** |
| Dividends: financial year ended 31 December 2020 | 28 | **0** | **(138,672)** | **(138,672)** |
| Total transactions with owners | | **0** | **(200,304)** | **(200,304)** |
| At 31 December 2021 | | **642,000** | **451,318** | **1,093,318** |
| 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 |

The notes on pages 132 to 205 form an integral part of these financial statements.

# Statements of Cash Flows

For The Financial Year Ended 31 December 2021

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **OPERATING ACTIVITIES** | | | | | |
| Profit before zakat and taxation | | **330,398** | 290,843 | **220,016** | 62,085 |
| Adjustments for: | | | | | |
| Depreciation and amortisation | | **93,806** | 87,188 | **141** | 165 |
| Impairment loss on trade receivables | | **140** | 140 | **0** | 0 |
| Write back of impairment loss on trade receivables | | **(140)** | (89) | **0** | (33) |
| Other receivables written off | | **0** | 727 | **0** | 727 |
| Gain on disposal of property, plant and equipment | | **(515)** | (55) | **(100)** | (55) |
| Property, plant and equipment written off | | **2,840** | 5,194 | **0** | 0 |
| Impairment loss on property, plant and equipment | | **0** | 7,648 | **0** | 0 |
| Impairment of investment in a joint venture | | **0** | 282 | **0** | 0 |
| Share of results in joint ventures | | **672** | (413) | **0** | 0 |
| Finance costs | | **10,431** | 14,488 | **3** | 38 |
| Finance income | | **(5,209)** | (12,451) | **(1,831)** | (10,072) |
| Dividend income | | **0** | 0 | **(214,797)** | (53,510) |
| | | **432,423** | 393,502 | **3,432** | (655) |
| Changes in working capital: | | | | | |
| Receivables | | **21,271** | 94,947 | **85,191** | 788,001 |
| Payables and contract liabilities | | **170,180** | (88,377) | **(1,223)** | (945,540) |
| Intercompany balances | | **0** | 0 | **(125,024)** | 314,369 |
| Cash flows generated from/(used in) operations | | **623,874** | 400,072 | **(37,624)** | 156,175 |
| Zakat paid | | **(3,500)** | (3,500) | **(100)** | (100) |
| Income tax paid | | **(76,277)** | (67,224) | **(938)** | (24,209) |
| Tax refund | | **0** | 2 | **0** | 0 |
| Net cash flows generated from/(used in) operating activities | | **544,097** | 329,350 | **(38,662)** | 131,866 |

The notes on pages 132 to 205 form an integral part of these financial statements.

## *Statements of Cash Flows*

*For The Financial Year Ended 31 December 2021*

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **INVESTING ACTIVITIES** | | | | | |
| Proceeds from disposal of property, plant and equipment | | **549** | 55 | **116** | 135,771 |
| Purchase of property, plant and equipment | | **(125,329)** | (148,065) | **(71)** | (362) |
| Finance income received | | **5,283** | 12,376 | **1,829** | 10,152 |
| Addition of investment funds with licensed financial institutions | | **(413,000)** | (77,000) | **(4,000)** | (24,000) |
| Withdrawal of investment funds with licensed financial institutions | | **77,000** | 123,281 | **24,000** | 112,763 |
| Advances to subsidiaries | | **0** | 0 | **(1,286)** | (1,329) |
| Repayment from subsidiaries | | **0** | 0 | **2,243** | 684 |
| Dividend income received from subsidiaries | | **0** | 0 | **214,137** | 52,850 |
| Dividend income received from a joint venture | | **660** | 660 | **660** | 660 |
| Investment in a joint venture | | **(840)** | (1,057) | **0** | 0 |
| Advances to a joint venture | | **(444)** | 0 | **0** | 0 |
| Net cash flows (used in)/generated from investing activities | | **(456,121)** | (89,750) | **237,628** | 287,189 |
| **FINANCING ACTIVITIES** | | | | | |
| Dividends paid | | **(200,304)** | (173,982) | **(200,304)** | (173,982) |
| Issuance of Islamic Commercial Papers ("iCP") and Islamic Medium Term Notes ("iMTN") | | **2,465,000** | 2,216,000 | **0** | 900,000 |
| Repayment of iMTN and iCP | | **(2,530,000)** | (2,201,000) | **0** | (1,281,000) |
| Lease liabilities paid | | **(1,390)** | (1,288) | **0** | 0 |
| Finance cost paid | | **(11,170)** | (15,640) | **(3)** | (1,877) |
| Net cash flows used in financing activities | | **(277,864)** | (175,910) | **(200,307)** | (556,859) |

The notes on pages 132 to 205 form an integral part of these financial statements.

# *Statements of Cash Flows*

*For The Financial Year Ended 31 December 2021*

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | **(189,888)** | 63,690 | **(1,341)** | (137,804) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR** | | **232,835** | 169,145 | **9,933** | 147,737 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | 19 | **42,947** | 232,835 | **8,592** | 9,933 |

## NOTES TO THE STATEMENTS OF CASH FLOWS:

a. The following principal non-cash transactions during the financial year have been included in other receivables:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| (i) Finance income receivable arising from deposits with financial institutions | **88** | 162 | **9** | 7 |

b. During the financial year, the Company's consideration for the acquisition of additional 33,000,000 ordinary shares in Gas Malaysia Ventures Sdn Bhd amounting to RM33,000,000 was set-off against intercompany balances.

c. During the financial year, the Company's proceeds for the disposal of 33,000,000 ordinary shares in Gas Malaysia Energy Advance Sdn Bhd to Gas Malaysia Venture 1 Sdn Bhd amounting to RM33,000,000 was set-off against intercompany balances.

d. In the previous financial year, 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 was set-off against the proceeds from the disposal of certain property, plant and equipment by the Company to these subsidiaries.

The notes on pages 132 to 205 form an integral part of these financial statements.

# *Statements of Cash Flows*

*For The Financial Year Ended 31 December 2021*

## NOTES TO THE STATEMENTS OF CASH FLOWS: (CONTINUED)

e. 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 2021 | **396,720** | **0** | **4,405** | **401,125** |
| Cash flows – net of drawdown and repayment/ payment | **(76,170)** | **(200,304)** | **(1,390)** | **(277,864)** |
| **Non-cash items:** | | | | |
| - Dividends declared | **0** | **200,304** | **0** | **200,304** |
| - Finance costs | **10,648** | **0** | **184** | **10,832** |
| - Accrual of unpaid lease liabilities | **0** | **0** | **(27)** | **(27)** |
| At 31 December 2021 | **331,198** | **0** | **3,172** | **334,370** |
| 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)

e. 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 |
|---|---|---|---|---|
| **Company** | | | | |
| At 1 January 2021 | **0** | **0** | **0** | **0** |
| Cash flows – net of drawdown and repayment/ payment | **(3)** | **(200,304)** | **0** | **(200,307)** |
| Non-cash items: | | | | |
| - Dividends declared | **0** | **200,304** | **0** | **200,304** |
| - Finance costs | **3** | **0** | **0** | **3** |
| At 31 December 2021 | **0** | **0** | **0** | **0** |
| 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 | 0 | 0 | (2,272) | (2,272) |
| At 31 December 2020 | 0 | 0 | 0 | 0 |

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2021

## 1 GENERAL INFORMATION

The principal activities of the Company are the provision of management services and investment holdings.

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) selling of LPG via a reticulation system and providing related services and energy solution to commercial and residential sectors;
(d) sale, supply and transport of Compressed Natural Gas ("CNG");
(e) property holding; and
(f) 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 17 March 2022.

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed 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, 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 and cash and cash equivalents, 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 Group and the Company classify their trade receivables by nature of the customer accounts i.e. active accounts and terminated accounts. In determining the expected loss rates, the Group and the Company 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.

These, together with very low default rate, resulted in immaterial credit losses. No significant changes to estimation techniques or assumptions were made during the reporting period.

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 for 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)**

(i) Trade receivables using simplified approach (continued)

Concentration of credit risk arises when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group continuously monitors its portfolios to identify and assess significant concentration of credit risk.

The Group has no significant concentration of credit risk in the current financial year arising from exposure to a single counterparty or a group of counterparties having similar risk characteristics. This is due to the Group's large number of customers and their wide geographical spread. The Group manages credit risk arising from trade and other receivables through credit quality evaluation, ongoing debt collection, regular monitoring of debtors' account and credit limits and accepting only appropriate bank guarantees (if applicable) issued by renowned financial institutions as well as collecting adequate cash deposits.

(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

The Company has issued the Kafalah guarantee to a bank for Sukuk Murabahah Programme ("SMP") granted to its subsidiary, as disclosed in Note 26.

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 | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Corporate guarantee provided to a bank on the Sukuk Murabahah Programmes | **331,198** | 396,720 |

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17.

Credit risk from cash and cash equivalent is managed on a group basis. Only independently rated parties with a minimum rating of "A" as assessed by reference to RAM Rating Services Berhad are accepted.

Deposits with banks are neither past due nor impaired 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 RM291,349,000 (2020: RM175,036,000) and RM218,718,000 (2020: RM235,131,000) respectively, the Directors are of the view that the Group and the Company are able to meet their obligations based on the cash flow forecast of the Group and of the Company for the next twelve months from the reporting date. In addition, the Group and the Company have an undrawn committed borrowing facilities of RM669,000,000 and RM604,000,000 as at 31 December 2021 and 31 December 2020 respectively.

At the Company level, the future dividend distribution from its subsidiaries are expected to alleviate the liquidity position of the Company.

## 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:

| | 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 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2021** | | | | | |
| Trade and other payables | **789,906** | **401,975** | **0** | **0** | **1,191,881** |
| Borrowings (principal and interest) | **220,363** | **104,022** | **11,475** | **0** | **335,860** |
| Lease liabilities (principal and interest) | **241** | **707** | **785** | **2,007** | **3,740** |
| **2020** | | | | | |
| 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 |
| **Company** | | | | | |
| **2021** | | | | | |
| Trade and other payables | **40,481** | **5,653** | **0** | **0** | **46,134** |
| Amounts due to subsidiaries | **0** | **207,983** | **0** | **0** | **207,983** |
| Financial guarantee contracts | **335,860** | **0** | **0** | **0** | **335,860** |
| **2020** | | | | | |
| 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 |

## 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 | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Total debt | **334,370** | 401,125 |
| Total equity | **1,130,046** | 1,080,110 |
| Total capital | **1,464,416** | 1,481,235 |
| Gearing ratio | **22.8%** | 27.1% |

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 the debt covenants in respect of the borrowings undertaken by the Group.

### (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.

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Fair value hierarchy (continued)

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 |
|---|---|---|---|---|
| **2021** | | | | |
| **Group** | | | | |
| **Financial asset** | | | | |
| - Investment funds with licensed financial institutions | **0** | **413,000** | **0** | **413,000** |
| **Company** | | | | |
| **Financial asset** | | | | |
| - Investment funds with licensed financial institutions | **0** | **4,000** | **0** | **4,000** |
| **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 |

There were no transfers between level 1 and level 2 of the fair value hierarchy during the financial years.

# Notes to the Financial Statements
*For The Financial Year Ended 31 December 2021*

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (f) Financial instruments by categories

| | Finance assets at amortised cost | | Financial assets at fair value through profit or loss | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Group** | | | | |
| **Non-current asset:** | | | | |
| Other receivables | **16,959** | 17,690 | **0** | 0 |
| **Current assets:** | | | | |
| Trade and other receivables (exclude prepayments) | **748,745** | 766,203 | **0** | 0 |
| Cash and cash equivalents | **42,947** | 232,835 | **0** | 0 |
| Investment funds with licensed financial institutions | **0** | 0 | **413,000** | 77,000 |
| | **808,651** | 1,016,728 | **413,000** | 77,000 |

| | Other financial liabilities at amortised cost | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **Non-current liability:** | | |
| Borrowings | **11,000** | 111,000 |
| **Current liabilities:** | | |
| Trade and other payables | **1,191,881** | 963,242 |
| Borrowings | **320,198** | 285,720 |
| | **1,523,079** | 1,359,962 |

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (f) Financial instruments by categories (continued)

| | Finance assets at amortised cost | | Financial assets at fair value through profit or loss | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Company** | | | | |
| **Non-current asset:** | | | | |
| Amounts due from subsidiaries | **36,540** | 37,019 | **0** | 0 |
| **Current assets:** | | | | |
| Trade and other receivables (exclude prepayments) | **2,591** | 87,253 | **0** | 0 |
| Cash and cash equivalents | **8,592** | 9,933 | **0** | 0 |
| Investment funds with licensed financial institutions | **0** | 0 | **4,000** | 24,000 |
| Total | **47,723** | 134,205 | **4,000** | 24,000 |

| | Other financial liabilities at amortised cost | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **Current liabilities:** | | |
| Trade and other payables | **46,134** | 47,357 |
| Amounts due to subsidiaries | **207,983** | 332,529 |
| Total | **254,117** | 379,886 |

## 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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

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) Amendments to published standards that are effective and relevant to the Group and to the Company:

The Group and the Company have applied the following amendments to published standards for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 7, MFRS 9, MFRS 16, and MFRS 139 "Interest Rate Benchmark Reform - Phase 2"

  The Group has adopted the amendments to the existing standards listed above, which resulted in changes in accounting policies. The adoption 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

There were no standards early adopted by the Group and by the Company.

(iii) Amendments and annual improvements to published 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 amendments and annual improvements to published standards are effective for the financial years beginning on or after 1 January 2022. 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:

<u>Effective for financial year beginning on or after 1 January 2022</u>

- Amendments to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021" ("the 2021 amendment")

  In 2020, MFRS 16 "Leases" was amended to provide an optional practical expedient to the lessees on accounting for COVID-19-related rent concessions, such as rent holidays and temporary rent reductions of which payments are originally due on or before 30 June 2021.

  The 2021 amendment extends the applicable period of the practical expedient by one year to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

Effective for financial year beginning on or after 1 January 2022 (continued)

Lessees that had already applied the 2020 practical expedient has no option but must apply the 2021 amendment. In contrast, lessees that had not applied the 2020 practical expedient are not allowed to apply the 2021 amendment.

The 2021 practical expedient is also available for lessees that had not established an accounting policy on applying (or not applying) the practical expedient to eligible rent concessions.

- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

  The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

- Annual Improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities" (effective 1 January 2022) clarify 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.

- Amendments to MFRS 3 "Reference to Conceptual Framework" (effective 1 January 2022) 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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

(iii) Amendments and annual improvements to published 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 amendments and annual improvements to published standards are effective for the financial years beginning on or after 1 January 2022. 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 (continued)</u>

- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract" (effective 1 January 2022) 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.

<u>Effective for financial year beginning on or after 1 January 2023</u>

- Amendments to MFRS 101 "Classification of liabilities as current or non-current" (effective 1 January 2023) 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. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

(iii) Amendments and annual improvements to published 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 amendments and annual improvements to published standards are effective for the financial years beginning on or after 1 January 2022. 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 (continued)

- Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

  The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

  The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

  MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendments on definition of accounting estimates (Amendments to MFRS 108)

  The amendments to MFRS 108 redefine accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

  Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

  The amendments shall be applied retrospectively.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

(iii) Amendments and annual improvements to published 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 amendments and annual improvements to published standards are effective for the financial years beginning on or after 1 January 2022. 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 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 and annual improvements to published standards that are applicable, but yet to be effective.

### (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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Consolidation (continued)

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.

### (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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Joint ventures (continued)

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. See accounting policy Note 3(m) on borrowing costs.

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 other operating expenses or income.

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.

(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.

*Notes to the Financial Statements*
*For The Financial Year Ended 31 December 2021*

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Leases (continued)

(i) Accounting by lessee (continued)

(d) Reassessment of lease liabilities (continued)

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.

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.

(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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Leases (continued)

(ii) Accounting by lessor (continued)

(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.

### (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.

# *Notes to the Financial Statements*
*For The Financial Year Ended 31 December 2021*

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

### (l) Trade and other 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. Other payables generally arise from transactions outside the ordinary course of businesses of the Group and of the Company. Trade and other 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 and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade and other payables are subsequently measured at amortised cost using the effective profit rate method.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Group and the Company issue equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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.

### (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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Current and deferred income tax (continued)

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 reversed in the foreseeable future.

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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 of the Group and of the Company are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

### (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), it is therefore not being capable to be distinct in the context of the supply of goods and services, and 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.

# *Notes to the Financial Statements*

*For The Financial Year Ended 31 December 2021*

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Income recognition (continued)

Revenue from contracts with customers (continued)

(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.

(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 and the Company'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

Any other income is recognised on an accrual basis unless collectability is uncertain.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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".

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 2021 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 combination, 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. However, contingent liabilities do not include financial guarantee contracts.

### (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

Debt instruments

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.

*Notes to the Financial Statements*
*For The Financial Year Ended 31 December 2021*

## 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:

Trade receivables using the simplified approach

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.

Debt instruments at amortised cost other than trade receivables and financial guarantee contracts issued, using the 3-stage general approach

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 consider 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.

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.

## 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)**

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:

<u>Quantitative criteria:</u>

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.

<u>Qualitative criteria:</u>

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.

**ECL measured on individual basis**

<u>Individual assessment</u>

Trade receivables are assessed individually.

**Write-off**

<u>Trade receivables</u>

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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment (continued)

**Write-off (continued)**

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.

(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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Financial instruments (continued)

(iv) Financial guarantee contracts

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.

### (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 liabilities are presented as other payables in the statements of financial position.

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 constructive obligations to pay further contributions if the 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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

### (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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Derivatives and hedging activities (continued)

Cash flow hedge

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.

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).

For the financial year ended 31 December 2021, the Group has continued to apply the reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform ("IBOR") - Phase 1. The following is applicable upon the application of the Phase 2 amendments related to the IBOR reform:

(a) Hedge designation

When the Phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:

(i) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
(ii) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
(iii) amending the description of the hedging instrument.

The Group will amend its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Derivatives and hedging activities (continued)

(b) Amounts accumulated in the cash flow hedge reserve

When the Group amends its hedge designation as described above, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate. For discontinued hedging relationships, when the interest rate benchmark on which the hedged future cash flows were based has changed as required by IBOR reform, the amount accumulated in the cash flow hedge reserve is also deemed to be based on the alternative benchmark rate for the purpose of assessing whether the hedged future cash flows are still expected to occur.

### (y) Contract liabilities

A contract liability is the obligation to transfer goods or services to customer for which the Group has 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 for connecting the premises to the Group'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 operates 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 the 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. Changes in the technology and legal environment in the industry in which the Group operates in, as well as the manner of which the assets are being used could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised if there is an increase in economic useful lives of the pipelines systems. The Group's carrying amount of the property, plant and equipment as at 31 December 2021 will be increased by approximately RM8,599,000 if the useful lives of the pipelines system are extended from 30 years to 35 years.

(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 has with its gas suppliers where the title and ownership of the gas shall be transferred to the Group upon delivery of gas to the Group's pipeline. Any change in the customers' consumption patterns and the terms of business which the Group has with its gas suppliers will have an effect on the accrual for gas costs.

(iii) Revenue recognition arising from the Group's rights and obligations under the Incentive-Based Regulation ("IBR") and Third Party Access ("TPA")

The Directors have applied judgement in applying the revenue recognition policy based on the Group's business model, its relationships and contracts with the customers and its rights and obligations under the IBR and TPA. The judgement includes the assessment of the Group's rights in dealing with and charging the customers, taking into consideration the Group's responsibility for securing and expanding their customer base and bearing the credit risk of the customers.

The Energy Commission ("EC") implemented the IBR 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 remains financially neutral from fluctuations in gas price. Under the IBR, 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)

Critical accounting estimates, assumptions and judgements (continued)

(iii) Revenue recognition arising from the Group's rights and obligations under the Incentive-Based Regulation ("IBR") and Third Party Access ("TPA") (continued)

The EC implemented the TPA on 1 January 2020, 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 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 and price cap adjustments are part of the components. The revenue cap and price cap adjustments are used by the EC to ensure that the Group is able to pass through the variances arising from the estimated 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 and price cap adjustments. The variance would be recognised as part of revenue in the period when the variances in the firm capacity reservations occur, whereby the submitted forecast and actual firm capacity reservation is submitted to the EC annually.

The Directors have considered the Group's rights and obligations with the customers and the Government under the IBR 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. Any change to the approved submitted forecast and actual firm capacity reservation by the EC will impact the revenue recognised and the recovery of the outstanding balance. Refer to Note 17 to the financial statements for further details.

## 4 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Revenue from contract with customers: | | | | |
| Sale of gas: | | | | |
| - Sale of natural gas | **5,764,660** | 6,616,235 | **7** | 1,629,780 |
| - Sale of LPG | **18,778** | 25,846 | **0** | 0 |
| - Cash contribution for pipelines construction | **4,869** | 3,420 | **0** | 855 |
| Provision for tolling services | **58,146** | 41,197 | **0** | 799 |
| Provision for metered services | **5,147** | 170 | **0** | 0 |
| Management fees | **0** | 0 | **18,134** | 11,652 |
| | **5,851,600** | 6,686,868 | **18,141** | 1,643,086 |
| Revenue from other source: | | | | |
| Dividend income | **0** | 0 | **214,797** | 53,510 |
| | **5,851,600** | 6,686,868 | **232,938** | 1,696,596 |
| Timing of revenue from contracts with customers: | | | | |
| - over time | **5,851,600** | 6,686,868 | **18,141** | 1,643,086 |

As a result of the Third Party Access ("TPA") which came into force during the previous financial year, the Company had transferred its gas distribution function to Gas Malaysia Distribution Sdn Bhd and its gas shipping function to Gas Malaysia Energy and Services Sdn. Bhd.

*Notes to the Financial Statements*
*For The Financial Year Ended 31 December 2021*

## 5 EXPENSES BY NATURE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Cost of natural gas | **5,279,362** | 6,163,256 | **0** | 1,631,629 |
| Cost of LPG | **14,785** | 15,768 | **0** | 0 |
| Staff costs (Note 7) | **75,908** | 73,082 | **13,329** | 10,122 |
| Depreciation and amortisation: | | | | |
| - Property, plant and equipment | **92,191** | 84,917 | **141** | 165 |
| - Right-of-use assets | **1,615** | 2,271 | **0** | 0 |
| Net impairment loss/(write back of impairment loss) on trade receivables (Note 17) | **0** | 51 | **0** | (33) |
| Other receivables written off | **0** | 727 | **0** | 727 |
| Property, plant and equipment written off | **2,840** | 5,194 | **0** | 0 |
| Impairment loss on property, plant and equipment | **0** | 7,648 | **0** | 0 |
| Gas licence fee | **3,251** | 2,519 | **0** | 244 |
| Sales commission expenses | **629** | 823 | **0** | 0 |
| Other expenses | **47,095** | 40,811 | **2,361** | 3,224 |
| | **5,517,676** | 6,397,067 | **15,831** | 1,646,078 |

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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Profit from operations is arrived at after crediting: | | | | |
| Gain on disposal of property, plant and equipment | **515** | 55 | **100** | 55 |
| Write back of impairment loss on trade receivables (Note 17) | **140** | 89 | **0** | 33 |
| and after charging: | | | | |
| Auditors' remuneration: | | | | |
| - statutory audit | **262** | 238 | **75** | 81 |
| - other audit related services | **68** | 123 | **68** | 123 |
| - non-audit services | **5** | 7 | **0** | 0 |
| Impairment of investment in a joint venture | **0** | 282 | **0** | 0 |
| Impairment loss on trade receivables (Note 17) | **140** | 140 | **0** | 0 |
| Other receivables written off | **0** | 727 | **0** | 727 |
| Property, plant and equipment written off | **2,840** | 5,194 | **0** | 0 |
| Impairment loss on property, plant and equipment | **0** | 7,648 | **0** | 0 |
| Rental of equipment | **93** | 63 | **20** | 5 |
| Rental of premises | **778** | 730 | **8** | 87 |

## 7 STAFF COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Wages, bonuses and salaries | **68,232** | 65,782 | **8,380** | 8,597 |
| Defined contribution plan - contributions | **9,955** | 9,735 | **1,316** | 1,330 |
| Other employee benefits | **7,074** | 6,795 | **3,633** | 195 |
| | **85,261** | 82,312 | **13,329** | 10,122 |
| Less: Staff costs capitalised in property, plant and equipment | **(9,353)** | (9,230) | **0** | 0 |
| | **75,908** | 73,082 | **13,329** | 10,122 |

The staff costs include Directors' remuneration as disclosed in Note 8.

# *Notes to the Financial Statements*

*For The Financial Year Ended 31 December 2021*

## 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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Fees | **1,422** | 846 |
| Other benefits | **353** | 807 |
| | **1,775** | 1,653 |

## 9 FINANCE COSTS AND FINANCE INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| (a) Finance cost | | | | |
| Bank charges | **1,063** | 422 | **3** | 38 |
| Profit rate: | | | | |
| - iMTN | **5,418** | 9,953 | **0** | 0 |
| - iCP | **4,167** | 4,146 | **0** | 0 |
| Lease liabilities | **184** | 218 | **0** | 0 |
| | **10,832** | 14,739 | **3** | 38 |
| Less: Finance costs capitalised in property, plant and equipment | **(401)** | (251) | **0** | 0 |
| | **10,431** | 14,488 | **3** | 38 |
| (b) Finance income | | | | |
| Finance income from: | | | | |
| - Deposits placed with licensed banks and financial institutions | **3,600** | 4,780 | **222** | 2,401 |
| - Other receivables | **1,609** | 7,671 | **1,609** | 7,671 |
| | **5,209** | 12,451 | **1,831** | 10,072 |

## 10 TAX EXPENSE/(CREDIT)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Income tax: | | | | |
| - current financial year | **57,299** | 65,605 | **1,482** | 0 |
| - (over)/under accrual in prior financial year | **(4,049)** | (645) | **2,282** | (1,946) |
| | **53,250** | 64,960 | **3,764** | (1,946) |
| Deferred taxation: (Note 23) | | | | |
| - origination and reversal of temporary difference | **24,026** | 9,761 | **327** | (164,165) |
| Tax expense/(credit) | **77,276** | 74,721 | **4,091** | (166,111) |

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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Profit before taxation and after zakat | **326,898** | 287,343 | **219,916** | 61,985 |
| Tax calculated at the Malaysian income tax rate of 24% (2020: 24%) | **78,456** | 68,962 | **52,780** | 14,876 |
| Tax effects of: | | | | |
| - Income not subject to tax | **(2,362)** | (1,334) | **(51,565)** | (13,133) |
| - Expenses not deductible for tax | **2,271** | 4,406 | **594** | 1,171 |
| - Share of results in joint ventures | **161** | (99) | **0** | 0 |
| - Utilisation of previously unrecognised temporary differences | **(726)** | 0 | **0** | 0 |
| - Temporary differences for which no deferred tax has been recognised | **0** | 2,061 | **0** | 0 |
| (Over)/Under accrual of taxes in prior financial year | **(524)** | 725 | **2,282** | (774) |
| Reversal of deferred tax arising from assets transferred to subsidiaries | **0** | 0 | **0** | (168,251) |
| Tax expense/(credit) | **77,276** | 74,721 | **4,091** | (166,111) |

# Notes to the Financial Statements
## For The Financial Year Ended 31 December 2021

### 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 | |
|---|---|---|
| | **2021** | **2020** |
| Net profit for the financial year attributable to equity holders of the Company (RM'000) | **249,622** | 212,622 |
| Weighted average number of ordinary shares ('000) | **1,284,000** | 1,284,000 |
| Basic earnings per share (RM) | **0.19** | 0.17 |
| Diluted earnings per share (RM) | **0.19** | 0.17 |

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 | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 January | 9,894 | 22,228 | 8,967 | 58,197 | 755 | 11,141 | 2,072,540 | 175,274 | 2,358,996 |
| Additions | 0 | 0 | 2,847 | 6,607 | | 0 | 36,971* | 132,868 | 179,293 |
| Disposals | 0 | 0 | (1,467) | (668) | 0 | 0 | 0 | 0 | (2,135) |
| Write-off | 0 | 0 | 0 | 0 | 0 | (336) | (6,225) | 0 | (6,561) |
| Reclassifications | 0 | 0 | 0 | 11,669 | 0 | 30 | 174,115 | (185,814) | 0 |
| At 31 December | 9,894 | 22,228 | 10,347 | 75,805 | 755 | 10,835 | 2,277,401 | 122,328 | 2,529,593 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January | 0 | 9,303 | 6,516 | 44,296 | 755 | 8,507 | 833,645 | 0 | 903,022 |
| Depreciation for the financial year | 0 | 501 | 988 | 6,126 | 0 | 2,099 | 82,477 | 0 | 92,191 |
| Disposals | 0 | 0 | (1,433) | (668) | 0 | 0 | 0 | 0 | (2,101) |
| Write-off | 0 | 0 | 0 | 0 | 0 | (336) | (3,385) | 0 | (3,721) |
| At 31 December | 0 | 9,804 | 6,071 | 49,754 | 755 | 10,270 | 912,737 | 0 | 989,391 |
| **Accumulated impairment loss** | | | | | | | | | |
| At 1 January/31 December | 0 | 0 | 0 | 0 | 0 | 0 | 7,648 | 0 | 7,648 |
| **Net book value** | | | | | | | | | |
| At 31 December | 9,894 | 12,424 | 4,276 | 26,051 | 0 | 565 | 1,357,016 | 122,328 | 1,532,554 |

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Freehold land RM'000 | 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 |
| Depreciation 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 |

* *Included in the Group's addition of pipeline and distribution systems during the financial year was finance costs of RM401,000 (2020: RM251,000) which were capitalised at an average rate of 2.49% (2020: 3.05%) per annum.*

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Motor vehicles RM'000 | Office and gas equipment RM'000 | Total RM'000 |
|---|---|---|---|
| **2021** | | | |
| **Cost** | | | |
| At 1 January | **739** | **276** | **1,015** |
| Additions | **0** | **71** | **71** |
| Disposals | **(462)** | **0** | **(462)** |
| At 31 December | **277** | **347** | **624** |
| **Accumulated depreciation** | | | |
| At 1 January | **358** | **229** | **587** |
| Depreciation for the financial year | **115** | **26** | **141** |
| Disposals | **(446)** | **0** | **(446)** |
| At 31 December | **27** | **255** | **282** |
| **Net book value** | | | |
| At 31 December | **250** | **92** | **342** |

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Freehold land RM'000 | 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** | (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** | 0 | (8,806) | (5,097) | (37,992) | (614) | (5,912) | (757,941) | 0 | (816,362) |
| Depreciation 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 |

** Certain property, plant and equipment of the Company had been transferred to the subsidiaries pursuant to the Third Party Access ("TPA") which came into force during the previous financial year, whereby the Company had transferred its gas distribution function to Gas Malaysia Distribution Sdn Bhd and its gas shipping function to Gas Malaysia Energy and Services Sdn Bhd.

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Impairment assessment

In the previous financial year, the Group recorded an impairment of RM7,648,000 in respect of certain pipeline and distribution system owned by the 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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Acquisition during the financial year | **179,293** | 184,654 | **71** | 362 |
| Add: | | | | |
| - Payment for property, plant and equipment acquired in the prior financial year | **27,827** | 33,176 | **0** | 0 |
| Less: | | | | |
| - Acquisition of property, plant and equipment not paid as at the reporting date | **(81,390)** | (69,514) | **0** | 0 |
| - Finance cost capitalised during the financial year | **(401)** | (251) | **0** | 0 |
| Net cash outflows for the acquisition of property, plant and equipment | **125,329** | 148,065 | **71** | 362 |

# *Notes to the Financial Statements*

*For The Financial Year Ended 31 December 2021*

## 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. The carrying amount of the lease liabilities have included these 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** | | | |
| **2021** | | | |
| At 1 January | **19,009** | **46** | **19,055** |
| Depreciation for the financial year | **(1,580)** | **(35)** | **(1,615)** |
| At 31 December | **17,429** | **11** | **17,440** |
| **2020** | | | |
| At 1 January | 16,895 | 8 | 16,903 |
| Addition during the financial year | 4,350 | 73 | 4,423 |
| Depreciation for the financial year | (2,236) | (35) | (2,271) |
| At 31 December | 19,009 | 46 | 19,055 |
| **Company** | | | |
| **2021** | | | |
| At 1 January/31 December | **0** | **0** | **0** |
| **2020** | | | |
| At 1 January | 12,861 | 7 | 12,868 |
| Transfer to a subsidiary** | (12,861) | (7) | (12,868) |
| At 31 December | 0 | 0 | 0 |

** The rights-of-use assets of the Company had been transferred to a subsidiary pursuant to the Third Party Access ("TPA") which came into force during the previous financial year, whereby the Company had transferred its gas distribution function to Gas Malaysia Distribution Sdn Bhd and its gas shipping function to Gas Malaysia Energy and Services Sdn Bhd.

## 14 INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Unquoted shares, at cost | **1,274,447** | 1,241,447 |

Details of the subsidiaries are as follows:

| Name of company | Principal activities | Country of incorporation | Group's effective interest 2021 % | Group's effective interest 2020 % |
|---|---|---|---|---|
| **Direct subsidiaries** | | | | |
| Gas Malaysia Retail Services Sdn. Bhd. ("GMRS")* | Selling of liquefied petroleum gas via a reticulation system and providing related services and energy solution to commercial | 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 and to deliver gas through the 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 |
| 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.

During the current financial year, the Company had subscribed to an additional 33,000,000 ordinary shares issued by GMV at RM33,000,000, as the consideration for transferring the Company's equity interest in a joint venture company, Gas Malaysia Energy Advance Sdn. Bhd., to GMV1, which is a wholly-owned subsidiary of GMV.

## 15 INVESTMENTS IN JOINT VENTURES (CONTINUED)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Unquoted shares, at cost | **38,887** | 38,047 | **0** | 33,000 |
| Share of post–acquisition reserves | **29,092** | 29,146 | **0** | 0 |
| Accumulated impairment losses | **(282)** | (282) | **0** | 0 |
| Dividend received | **(1,320)** | (660) | **0** | 0 |
| | **66,377** | 66,251 | **0** | 33,000 |

Details of the joint ventures are as follows:

| Name of company | Principal activities | Country of incorporation | Group's effective interest 2021 % | Group's effective interest 2020 % |
|---|---|---|---|---|
| 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** |
| Malakoff Gas Malaysia Cogen O&M Sdn Bhd ("MGMCOM") | Operation and maintenance services of Combined Heat and Power plant | Malaysia | **49** | **0** |

The Directors of the Company have assessed the shareholders' agreements and concluded that the entities above are appropriately classified as joint ventures as the key decisions on relevant activities of these entities require unanimous consent from the shareholders of the entities.

During the current financial year:

(i) GMV1 had subscribed to its proportion of additional equity interest in GMSD on 19 March 2021. The subscription of 840,000 shares at a consideration of RM840,000 had no impact to the Group's effective equity interest in GMSD of 70%.

(ii) The Company had transferred its equity interest in GMEA to GMV1 on 25 August 2021. The transfer of 33,000,000 shares in GMEA at a consideration of RM33,000,000 had settled by way of issuance of 33,000,000 shares in GMV, the immediate holding company of GMV1, had no impact to the Group's effective equity interest in GMEA of 66%.

## 15 INVESTMENTS IN JOINT VENTURES (CONTINUED)

During the current financial year: (continued)

(iii) GMV1 entered into a joint venture agreement ("JVA") with Malakoff Technical Solution Sdn Bhd ("MTSSB"), a wholly owned subsidiary of Malakoff Corporation Berhad, to undertake the business of operations and maintenance services of combined heat and power co-generation plants through the incorporation of a joint venture company. Accordingly, MGMCOM was incorporated with an issued share capital of RM100 comprising 100 ordinary shares in which 49 ordinary shares are held by GMV1 and 51 ordinary shares are held by MTSSB.

In the previous 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 | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| **Summarised statement of financial position** | | |
| As at 31 December | | |
| Non-current assets | **158,426** | 162,902 |
| Non-current liabilities | **(50,284)** | (64,691) |
| Current assets | **38,325** | 37,331 |
| Current liabilities | **(51,079)** | (40,109) |
| Net current liabilities | **(12,754)** | (2,778) |
| Net assets | **95,388** | 95,433 |
| Included in the statement of financial position are: | | |
| - Deposits, cash and bank balances | **8,715** | 9,663 |
| - Current financial liabilities (excluding trade and other payables and provisions) | **31,082** | 20,402 |
| - Non-current financial liabilities (excluding trade and other payables and provisions) | **50,284** | 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 | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| **Summarised statement of comprehensive income** | | |
| Financial year ended 31 December | | |
| Revenue | **112,885** | 125,284 |
| Cost of sales (excluding depreciation) | **(119,106)** | (124,018) |
| Administrative expenses | **(1,092)** | (3,933) |
| Depreciation | **(9)** | (12) |
| Finance cost | **(3,780)** | (4,608) |
| Finance income | **9,516** | 10,118 |
| Other income | **1,292** | 1,475 |
| Taxation | **312** | (2,142) |
| Profit after taxation | **18** | 2,164 |
| Other comprehensive income/(loss) | **936** | (2,402) |
| Total comprehensive income/(loss) | **954** | (238) |
| **Reconciliation of net assets to carrying amount** | | |
| Group's share of net assets/Carrying amount in the statement of financial position at 31 December | **62,956** | 62,986 |
| **Group's share of results** | | |
| Group's share of results for the financial year | **12** | 1,428 |
| Group's share of other comprehensive income/ (loss) for the financial year | **618** | (1,585) |
| Dividend income received | **660** | 660 |

## 15 INVESTMENTS IN JOINT VENTURES (CONTINUED)

Set out below are the financial information of all individually immaterial joint ventures on an aggregate basis:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Group's share of net assets/Carrying amount in the statement of financial position at 31 December | **3,421** | 3,265 |
| Group's share of loss for the financial year | **(684)** | (1,015) |

There is no outstanding commitment or contingent liability as at 31 December 2021 and 31 December 2020 in respect of the joint ventures.

## 16 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Amounts due from subsidiaries | | |
| - Non-current | **36,540** | 37,019 |
| Amounts due to subsidiaries | | |
| - Current | **(207,983)** | (332,529) |

The amounts due from subsidiaries classified as non-current asset include an advance given to a subsidiary of RM9,000,000 (2020: RM11,000,000) which is unsecured and carries a profit rate at 4.56% (2020: nil) per annum as at the reporting date for a tenure of 5 years. The profit rate income from the subsidiary has been offset against the finance cost recharged by another subsidiary.

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.

As a result of the Third Party Access ("TPA") which came into force during the previous financial year, the Company had transferred its gas distribution function to GMD and its gas shipping function to GMES. Consequently, the Company has transferred its related assets and liabilities to its subsidiaries. Included in the amounts due to subsidiaries are amounts of RM204,606,000 (2020: RM332,257,000) as a result of the transactions. The amounts due to subsidiaries are unsecured, profit rate free and repayable on demand.

## 17 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Current:** | | | | |
| Trade receivables | **684,278** | 645,360 | **6,478** | 6,485 |
| Accumulated impairment loss allowance on trade receivables | **(6,618)** | (6,618) | **(6,478)** | (6,478) |
| | **677,660** | 638,742 | **0** | 7 |
| Other receivables | **59,787** | 119,834 | **2,591** | 87,246 |
| Deposits | **11,298** | 7,627 | **0** | 0 |
| Prepayments | **1,741** | 4,453 | **29** | 556 |
| | **750,486** | 770,656 | **2,620** | 87,809 |
| **Non-current:** | | | | |
| Deposits | **16,959** | 17,690 | **0** | 0 |
| | **767,445** | 788,346 | **2,620** | 87,809 |

Included in the Group's and in the Company's other receivables as at the reporting date are amounts of RM1,703,000 (2020: RM1,574,000) 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 the Company's other receivables are the following receivables:

(i) An amount of RM53,580,000 (2020: RM31,110,000) 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 to the Group on the recovery of this balance through the revenue cap adjustment mechanism; and

(ii) A profit rate-bearing amount of RM nil (2020: RM84,995,000) 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 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 the Company under the Gas Cost Pass Through ("GCPT") mechanism.

See Note 3(aa)(iii) for the rights and obligations of the Group and of the Company under the IBR and TPA. There is minimal risk of default in payment in respect of the amounts.

## 17 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2021, trade receivables of RM24,124,000 (2020: RM29,836,000) for the Group and of RM nil (2020: RM7,000) 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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Neither past due nor impaired | **653,536** | 608,906 | **0** | 0 |
| Past due but not impaired: | | | | |
| - Up to 2 months (overdue) | **23,631** | 29,538 | **0** | 0 |
| - Over 2 months (overdue) | **493** | 298 | **0** | 7 |
| Credit-impaired | **6,618** | 6,618 | **6,478** | 6,478 |
| | **684,278** | 645,360 | **6,478** | 6,485 |

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 require the customers to pledge a bank guarantee or place cash deposit as collateral. Trade receivables of the Group are secured by customers' deposits and bank guarantees of RM1,388,594,000 (2020: RM1,317,761,000) and RM71,584,000 (2020: RM65,483,000) respectively. 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 2021, trade receivables amounting to RM6,618,000 (2020: RM6,618,000) for the Group and RM6,478,000 (2020: RM6,478,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate to customers which have defaulted in payment.

Included in the trade receivables of the Group at the end of the reporting period is an amount of RM12,245,000 (2020: RM10,230,000) in respect of the receivables from the related parties, for the sales of natural gas.

Movements on the impairment loss allowance on trade receivables are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 January | **6,618** | 6,567 | **6,478** | 6,511 |
| Impairment loss (Note 6) | **140** | 140 | **0** | 0 |
| Write back of impairment loss (Note 6) | **(140)** | (89) | **0** | (33) |
| At 31 December | **6,618** | 6,618 | **6,478** | 6,478 |

Other than as disclosed above, the remaining other receivables were neither past due nor impaired and are deemed to be performing.

# *Notes to the Financial Statements*

*For The Financial Year Ended 31 December 2021*

## 18 INVESTMENT FUNDS WITH LICENSED FINANCIAL INSTITUTIONS

The investments are in relation to the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Investment funds with licensed financial institutions – Unquoted | **413,000** | 77,000 | **4,000** | 24,000 |

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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Deposits placed with licensed banks | **27,905** | 225,845 | **7,062** | 7,505 |
| Cash and bank balances | **15,042** | 6,990 | **1,530** | 2,428 |
| | **42,947** | 232,835 | **8,592** | 9,933 |

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 | |
|---|---|---|---|---|
| | 2021 % per annum | 2020 % per annum | 2021 % per annum | 2020 % per annum |
| Deposits placed with licensed banks | **1.57** | 1.58 | **2.15** | 1.58 |

Deposits placed with licensed banks of the Group and of the Company have an average maturity period of 12 days and 11 days (2020: 6 days and 15 days) respectively. Bank balances are deposits held at call with licensed banks.

## 20 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | 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;

## 22 REDEEMABLE PREFERENCE SHARE (CONTINUED)

Salient points of the RPS stated in the Constitution are: (continued)

(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;

(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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Deferred tax liabilities | **199,036** | 175,452 | **0** | 0 |
| Deferred tax assets | **(1,714)** | (2,156) | **(707)** | (1,034) |
| | **197,322** | 173,296 | **(707)** | (1,034) |
| At 1 January | **173,296** | 163,535 | **(1,034)** | 163,131 |
| Charged/(credited) to profit or loss (Note 10): | | | | |
| - Unutilised tax losses | **264** | (264) | **264** | (264) |
| - Property, plant and equipment | **31,038** | 10,492 | **42** | (168,244) |
| - Right-of-use assets | **(271)** | 813 | **0** | 0 |
| - Trade and other payables | **(7,280)** | (507) | **21** | 4,201 |
| - Lease liabilities | **275** | (773) | **0** | 142 |
| | **24,026** | 9,761 | **327** | (164,165) |
| At 31 December | **197,322** | 173,296 | **(707)** | (1,034) |
| Subject to income tax: | | | | |
| Deferred tax assets (before offsetting) | | | | |
| - Trade and other payables | **12,788** | 5,508 | **756** | 777 |
| - Unutilised tax losses | **0** | 264 | **0** | 264 |
| - Lease liabilities | **640** | 915 | **0** | 0 |
| | **13,428** | 6,687 | **756** | 1,041 |
| Offsetting | **(11,714)** | (4,531) | **(49)** | (7) |
| Deferred tax assets (after offsetting) | **1,714** | 2,156 | **707** | 1,034 |
| Deferred tax liabilities (before offsetting) | | | | |
| - Property, plant and equipment | **210,208** | 179,170 | **49** | 7 |
| - Right-of-use assets | **542** | 813 | **0** | 0 |
| | **210,750** | 179,983 | **49** | 7 |
| Offsetting | **(11,714)** | (4,531) | **(49)** | (7) |
| Deferred tax liabilities (after offsetting) | **199,036** | 175,452 | **0** | 0 |

## 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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| No expiry period: | | |
| - Unabsorbed capital allowances | **7,163** | 10,340 |
| - Other deductible temporary differences | **212** | 175 |
| | **7,375** | 10,515 |
| Unutilised tax losses expiring in the following financial years: | | |
| - 2026 | **3,799** | 3,799 |
| - 2027 | **690** | 690 |
| - 2028 | **500** | 500 |
| - 2029 | **113** | 0 |
| | **5,102** | 4,989 |
| | **12,477** | 15,504 |

## 24 CONTRACT LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Contract liabilities: | | | | |
| - Capital contribution received from customers | **8,151** | 13,020 | **0** | 0 |
| Analysed as follows: | | | | |
| - Current liabilities | **6,889** | 4,529 | **0** | 0 |
| - Non-current liabilities | **1,262** | 8,491 | **0** | 0 |
| | **8,151** | 13,020 | **0** | 0 |

Capital contribution received from customers is considered as part of the process to obtain gas supply from the Group 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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| At 1 January | **13,020** | 16,440 | **0** | 16,440 |
| Revenue recognised that was included in the contract liability balance at the beginning of the financial year | **(4,869)** | (3,420) | **0** | (855) |
| Transfer to a subsidiary | **0** | 0 | **0** | (15,585) |
| At 31 December | **8,151** | 13,020 | **0** | 0 |

There is no unsatisfied performance obligation as the customers simultaneously receive and consume the benefits as and when the Group performs the obligation arising from the contracts entered into with the customers.

## 25 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Trade payables | **985,191** | 789,822 | **40,481** | 40,481 |
| Other payables | **16,487** | 6,021 | **1,504** | 1,853 |
| Customers' deposits | **71,584** | 65,483 | **0** | 0 |
| Accruals | | | | |
| - operating expenditure | **37,229** | 32,402 | **4,149** | 5,023 |
| - capital expenditure | **81,390** | 69,514 | **0** | 0 |
| | **1,191,881** | 963,242 | **46,134** | 47,357 |

Included in the trade payables of the Group and of the Company at the end of the reporting period is an amount of RM384,459,000 (2020: RM356,437,000) and RM40,481,000 (2020: RM40,481,000) 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 | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Current (unsecured): | | |
| - iMTN | **100,198** | 70,720 |
| - iCP | **220,000** | 215,000 |
| | **320,198** | 285,720 |
| Non-current (unsecured): | | |
| - iMTN | **11,000** | 111,000 |
| | **331,198** | 396,720 |
| Analysis of repayment schedule: | | |
| - not later than 1 year | **320,198** | 285,720 |
| - later than 1 year but not later than 2 years | **11,000** | 100,000 |
| - later than 2 years | **0** | 11,000 |
| | **331,198** | 396,720 |

During the financial year, the Group issued twelve iCPs amounting to RM2,465.0 million for a tenure of one month under the SMP. The Group repaid the iCPs amounting to RM2,460.0 million and iMTN of RM70.0 million respectively during the financial year.

During the previous financial year:

(i) the Company issued seven iCPs amounting to RM900.0 million for a tenure of one month under the SMP, and repaid the iCPs amounting to RM1,000.0 million and the iMTN amounting to RM281.0 million.

(ii) 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, and repaid the iCPs amounting to RM1,820.0 million and iMTN of RM381.0 million respectively.

The iCPs and iMTNs carry profit rates of 1.98% to 2.10% (2020: 2.15% to 3.40%) per annum and 3.52% to 4.56% (2020: 3.52% to 4.56%) per annum respectively as at the reporting date.

## 27 LEASE LIABILITIES

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| **Current** | **821** | 1,016 |
| Non-current | **2,351** | 3,389 |
| | **3,172** | 4,405 |
| **Maturity analysis of lease liabilities:** | | |
| - not later than 1 year | **821** | 1,016 |
| - later than 1 year but not later than 2 years | **816** | 821 |
| - later than 2 years | **1,535** | 2,568 |
| | **3,172** | 4,405 |

The Group has 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. Payments 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 | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| Short-term leases | **778** | 730 | **8** | 87 |
| Leases of low-value assets | **93** | 63 | **20** | 5 |
| | **871** | 793 | **28** | 92 |

Total cash outflow for leases (including short-term leases and leases of low-value assets) in the financial year ended 31 December 2021 for the Group and the Company amounted to RM2,261,000 (2020: RM2,081,000) and RM28,000 (2020: RM92,000) respectively.

# *Notes to the Financial Statements*
*For The Financial Year Ended 31 December 2021*

## 28 DIVIDENDS

| Company | Per share 2021 sen | Per share 2020 sen | Total amount 2021 RM'000 | Total amount 2020 RM'000 |
|---|---|---|---|---|
| Dividends paid during the financial year: | | | | |
| 1) First interim dividend per ordinary share - in respect of: | | | | |
| - financial year ended 2021 | **4.80** | 0 | **61,632** | 0 |
| - financial year ended 2020 | **0** | 4.25 | **0** | 54,570 |
| 2) 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 |
| 3) 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 |
| | **15.60** | 13.55 | **200,304** | 173,982 |
| Dividends declared/proposed subsequent to year end: | | | | |
| 1) Second interim dividend per ordinary share - in respect of: | | | | |
| - financial year ended 2021* | **6.00** | 0 | **77,040** | 0 |
| - financial year ended 2020 | **0** | 5.40 | **0** | 69,336 |
| 2) Final dividend per ordinary share - in respect of: | | | | |
| - financial year ended 2021* | **6.87** | 0 | **88,211** | 0 |
| - financial year ended 2020 | **0** | 5.40 | **0** | 69,336 |

* The above second interim and the final dividend declared subsequent to the financial year ended 31 December 2021 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

## 29 CAPITAL COMMITMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| In respect of purchase of property, plant and equipment: | | | | |
| Authorised by the Board: | | | | |
| - Not contracted for | **209,880** | 88,631 | **0** | 208 |
| - Contracted but not provided for in the financial statements | **116,816** | 148,272 | **0** | 385 |

## 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 BERNAS Group 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 BERNAS Group related company to MMC | Malaysia |
| HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HAMM") | A wholly owned subsidiary of DRB- HICOM Berhad, a related company to MMC | Malaysia |
| HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. ("HICOM-Teck See") | A subsidiary of DRB- HICOM Berhad, a related company to MMC | Malaysia |

# Notes to the Financial Statements

*For The Financial Year Ended 31 December 2021*

## 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)

| Related parties | Relationship | Country of incorporation |
|---|---|---|
| Perusahan 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 |

* 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.

## 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)

(a) Transactions with subsidiaries

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Natural gas sales to: | | | | |
| - GMVP** | **0** | 0 | **0** | 186 |
| Advances to/(from): | | | | |
| - GMVP | **0** | 0 | **0** | 240 |
| - GMV | **0** | 0 | **1,286** | 0 |
| - GMV1 | **0** | 0 | **0** | 1,059 |
| Repayment of advances (from)/to: | | | | |
| - GMVP | **0** | 0 | **(2,243)** | (258) |
| - GMD | **0** | 0 | **0** | (210) |
| - GMES | **0** | 0 | **0** | (216) |
| Recharge of finance costs to: | | | | |
| - GMVP | **0** | 0 | **455** | 0 |
| Dividend income from subsidiaries | | | | |
| - GMD | **0** | 0 | **152,944** | 38,156 |
| - GMES | **0** | 0 | **60,193** | 14,694 |
| - GMRS | **0** | 0 | **1,000** | 0 |
| Management fees from subsidiaries | | | | |
| - GMD | **0** | 0 | **15,745** | 10,060 |
| - GMES | **0** | 0 | **2,389** | 1,592 |

## 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)

(b) Transactions with a joint venture

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Natural gas sales to: | | | | |
| - GMEA** | **95,239** | 102,978 | **0** | 26,819 |
| Dividend income from a joint venture | | | | |
| - GMEA | **660** | 660 | **660** | 660 |
| Advances to a joint venture | | | | |
| - GMSD | **444** | 0 | **0** | 0 |

(c) Transactions with other related parties

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Natural gas sales to: | | | | |
| - CSR** | **74,209** | 83,831 | **0** | 20,985 |
| - GPT** | **29,125** | 34,285 | **0** | 7,773 |
| - HAMM* | **2,436** | 1,383 | **0** | 0 |
| - HICOM-Teck See* | **62** | 0 | **0** | 0 |
| - PROTON* | **3,916** | 3,474 | **0** | 0 |
| Purchase of LPG from PDB* | **(8,591)** | (8,357) | **0** | 0 |
| Purchase of natural gas from: | | | | |
| - PEGT* | **(5,251,788)** | (6,142,342) | **0** | 0 |
| Tolling fee income earned from: | | | | |
| - PEGT** | **6,074** | 10,087 | **0** | 799 |
| Cash contribution for Citygate construction paid to PETRONAS* | **(4,161)** | (20,630) | **0** | (2,326) |
| Rental fee on leased land payable to PGB* | **(215)** | (215) | **0** | 0 |
| Logistic services by JPL* | **(741)** | (1,422) | **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 are set by the EC of Malaysia.

(d) Key management compensation

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Salaries and bonuses | **12,079** | 12,039 | **4,481** | 4,998 |
| Directors' fees | **1,422** | 846 | **1,422** | 846 |
| Defined contribution plan - contributions | **2,017** | 2,003 | **737** | 804 |
| Other benefits | **353** | 807 | **353** | 807 |
| | **15,871** | 15,695 | **6,993** | 7,455 |

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 Group's operation is in Malaysia. 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.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, trade and other receivables, investment funds with licensed financial institutions and cash and cash equivalents.

# Notes to the Financial Statements

*For The Financial Year Ended 31 December 2021*

## 31 SEGMENT REPORTING (CONTINUED)

Segment liabilities comprise trade and other payables, contract liabilities, borrowings and lease liabilities and exclude tax payable and deferred tax liabilities.

| Group | Natural Gas & LPG RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2021** | | | | |
| **Revenue:** | | | | |
| Total segment revenue - external | 5,851,600 | 0 | 0 | 5,851,600 |
| Inter-segment revenue | 0 | 140 | (140) | 0 |
| | 5,851,600 | 140 | (140) | 5,851,600 |
| **Results:** | | | | |
| Profit before zakat and taxation | 331,421 | (1,023) | 0 | 330,398 |
| Finance income | (5,209) | 0 | 0 | (5,209) |
| Depreciation and amortisation | 93,752 | 54 | 0 | 93,806 |
| Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results) | 419,964 | (969) | 0 | 418,995 |
| **Other information:** | | | | |
| Segment assets | 2,762,906 | 10,480 | 0 | 2,773,386 |
| Investments in joint ventures | 0 | 66,377 | 0 | 66,377 |
| Deferred tax assets | 1,714 | 0 | 0 | 1,714 |
| Tax recoverable | 26,936 | 14 | 0 | 26,950 |
| Total assets | | | | 2,868,427 |
| **Segment liabilities** | (1,534,380) | (22) | 0 | (1,534,402) |
| Tax payable | (4,943) | 0 | 0 | (4,943) |
| Deferred tax liabilities | (199,036) | 0 | 0 | (199,036) |
| Total liabilities | | | | (1,738,381) |
| **Other disclosure:** | | | | |
| Capital expenditure incurred | 179,293 | 0 | 0 | 179,293 |
| Depreciation and amortisation | 93,752 | 54 | 0 | 93,806 |
| Impairment loss on trade receivables | 140 | 0 | 0 | 140 |
| Write back of impairment loss on trade receivables | (140) | 0 | 0 | (140) |
| Property, plant and equipment written off | 2,840 | 0 | 0 | 2,840 |
| Share of results in joint ventures | (196) | 867 | 0 | 671 |
| Finance costs | 10,431 | 0 | 0 | 10,431 |

## 31 SEGMENT REPORTING (CONTINUED)

| Group | Natural Gas & LPG RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|
| **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 |

# Corporate Information

## BOARD OF DIRECTORS

**TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN**
*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

TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN (*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

TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN (*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 No. 201908003274)
(MACS 01349)

### INVESTOR RELATIONS

KAMARUL ARIFFIN BIN IBRAHIM
Email : 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

### AUDITORS

PricewaterhouseCoopers PLT
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : (603) 2173 1188
Fax : (603) 2173 1288

### 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

### 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 2022

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 : 6,153

### 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. Ltd[8] | - | - | 237,546,000 | 18.50 |
| Petroliam Nasional Berhad[9] | - | - | 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 PETRONAS Gas Berhad

# *Shareholding Statistics*

*As at 31 March 2022*

## ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shares Held |
|---|---|---|---|---|
| Less than 100 shares | 424 | 6.89 | 2,753 | 0.00 |
| 100 to 1,000 shares | 1,659 | 26.96 | 1,175,860 | 0.09 |
| 1,001 to 10,000 shares | 3,091 | 50.24 | 13,016,628 | 1.01 |
| 10,001 to 100,000 shares | 846 | 13.75 | 21,902,071 | 1.71 |
| 100,001 to less than 5% of issued shares | 129 | 2.10 | 323,750,148 | 25.22 |
| 5% and above of issued shares | 4 | 0.06 | 924,152,540 | 71.97 |
| **TOTAL** | **6,153** | **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 | % |
| Tan Sri Wan Zulkiflee bin Wan Ariffin | - | - | - | - |
| 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<br>Employees Provident Fund Board | 64,193,400 | 4.99 |
| 6 | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera | 46,000,000 | 3.58 |
| 7 | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 3 | 24,663,400 | 1.92 |
| 8 | Permodalan Nasional Berhad | 17,682,900 | 1.38 |
| 9 | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 2 | 17,500,000 | 1.36 |
| 10 | Kumpulan Wang Persaraan (Diperbadankan) | 13,678,900 | 1.07 |
| 11 | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia | 11,654,800 | 0.91 |
| 12 | Amanahraya Trustees Berhad<br>Public Islamic Dividend Fund | 10,383,000 | 0.81 |
| 13 | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB for Prulink Equity Income Fund | 8,238,900 | 0.64 |
| 14 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for AIA Bhd | 7,827,800 | 0.61 |
| 15 | Amanahraya Trustees Berhad<br>Public Islamic Select Treasures Fund | 7,609,600 | 0.59 |
| 16 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund | 6,917,800 | 0.54 |
| 17 | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 3-Didik | 6,903,600 | 0.54 |
| 18 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (SHF) | 6,477,700 | 0.50 |
| 19 | Amanahraya Trustees Berhad<br>Public Islamic Equity Fund | 5,100,000 | 0.40 |

# *Shareholding Statistics*

*As at 31 March 2022*

| No. | Name | No. of Shares Held | % of Shares Held |
|---|---|---|---|
| 20 | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB for PRULINK Equity Fund | 4,767,700 | 0.37 |
| 21 | Lembaga Tabung Angkatan Tentera | 3,781,500 | 0.29 |
| 22 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1) | 3,478,000 | 0.27 |
| 23 | Amanahraya Trustees Berhad<br>Public Islamic Treasures Growth Fund | 3,169,400 | 0.25 |
| 24 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (DR) | 3,060,400 | 0.24 |
| 25 | Amanahraya Trustees Berhad<br>Public Islamic Optimal Growth Fund | 2,783,200 | 0.22 |
| 26 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (Par 4) | 2,662,500 | 0.21 |
| 27 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsequity Income Fund | 2,498,400 | 0.19 |
| 28 | Amanahraya Trustees Berhad<br>Public Dividend Select Fund | 2,311,600 | 0.18 |
| 29 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (DG) | 2,300,000 | 0.18 |
| 30 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Takaful Berhad (Credit Takaful PIA) | 2,079,400 | 0.16 |
| | **TOTAL** | **1,211,876,440** | **94.37** |

# 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 2021 RM'000 | Age of building (years) | Year of acquisition |
|---|---|---|---|---|---|---|---|
| 1 | HS(D) 359331<br>PTD 3527<br>Mukim Sungai Tiram<br>Daerah Johor Bahru<br>Johor Darul Takzim | Vacant land | Leasehold expiring in 2063 | 27.8225 | 8,329 | - | 2003 |
| 2 | No. Hakmilik: 89023,<br>Lot 52547<br>Headquarters<br>No. 5,<br>Jalan Serendah 26/17,<br>Seksyen 26<br>40000 Shah Alam<br>Selangor Darul Ehsan | Headquarters, warehouse and regulating station | Leasehold expiring in 2094 | 5.273 | 5,447 | 24 | 1994 |
| 3 | HS(M) 1457<br>PT 2957<br>Mukim 06<br>Seberang Perai Tengah<br>Pulau Pinang | Vacant land | Freehold | 3.02 | 5,270 | - | 2013 |
| 4 | No. Hakmilik: 26774<br>Lot No. 85<br>No. 20, Jalan Gurney<br>54000 Kuala Lumpur | Office | Freehold | 0.0178 | 3,019 | 13 | 2011 |
| 5 | No. Hakmilik: 7115<br>Lot No.: 8938<br>Eastern Regional Office<br>Mukim Sungai Karang<br>Kuantan<br>Pahang Darul Makmur | Office and warehouse | Leasehold expiring in 2064 | 2.9999 | 1,751 | 24 | 1995 |
| 6 | No. Hakmilik:13007<br>Lot No.: 813<br>No.1, 1A & 1B<br>Jalan Bola Jaring 13/15<br>Seksyen 13<br>Shah Alam<br>Selangor Darul Ehsan | Office | Leasehold expiring in 2100 | 0.8 | 1,698 | 25 | 2009 |

## *List of Properties*

| No. | Location | Description/ Existing use | Tenure | Area (Acres) | Net book value as at 31 December 2021 RM'000 | Age of building (years) | Year of acquisition |
|---|---|---|---|---|---|---|---|
| 7 | No. Hakmilik: 3272<br>Lot No.: 6462 | District station land | Leasehold expiring in 2061 | 0.0375 | 1,490 | - | 2000 |
| | No. Hakmilik: 6545<br>Lot No.: 5810 | | | 0.565 | | | |
| | No. Hakmilik: 6546<br>Lot No : 6461 | | | 0.115 | | | |
| | HS(D) 34458<br>PT No.: 4101 | | | 0.0375 | | | |
| | No. Hakmilik: 5928<br>Lot No: 5809 | | | 0.0375 | | | |
| | HS(D) 34510<br>PT No.: 1654<br>Prai Industrial Park<br>Pulau Pinang | | | 0.07825 | | | |
| 8 | HS(D) 221664<br>PTD 115555<br>PLO 343<br>Jalan Emas Tiga<br>81700 Pasir Gudang<br>Johor Darul Takzim | Office | Leasehold expiring in 2055 | 3.0352 | 173 | 20 | 1993 |
| 9 | No. Hakmilik: 33555<br>Lot No.: 41387<br>No. 30, Jalan 4/12B<br>Seksyen 4<br>43650 Bandar Baru Bangi<br>Selangor Darul Ehsan | Office | Leasehold expiring in 2097 | 0.044 | 235 | 20 | 2000 |
| 10 | HS(D) 108992<br>LOT No.: 4228<br>No. 34<br>Jalan Bunga Raya 6<br>Pusat Perniagaan Senawang<br>70400 Seremban<br>Negeri Sembilan | Office | Freehold | 0.0378 | 132 | 23 | 1995 |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-First Annual General Meeting ("31st AGM") of Gas Malaysia Berhad ("the Company") will be held on 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 Thursday, 19 May 2022 at 10.00 a.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 2021 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) Datuk Syed Abu Bakar bin S Mohsin Almohdzar **(Ordinary Resolution 1)**
   (ii) Datuk Ooi Teik Huat **(Ordinary Resolution 2)**

3. To re-elect Tan Sri Wan Zulkiflee bin Wan Ariffin who retires by rotation in accordance with Clause 107 of the Company's Constitution and who being eligible offers himself for re-election. **(Ordinary Resolution 3)**
   **(Refer Explanatory Note B)**

4. To approve the payment of Directors' fees of up to RM1,700,000 and benefits payable to the Directors up to an amount of RM600,000 from the date of the forthcoming 31st AGM until the next AGM. **(Ordinary Resolution 4)**
   **(Refer Explanatory Note C)**

5. To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2022 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:

6. **CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR - ENCIK TAN LYE CHONG** **(Ordinary Resolution 6)**

   "That approval be and is hereby given to Encik Tan Lye Chong who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting."
   **(Refer Explanatory Note D)**

7. **CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR - DATUK PUTEH RUKIAH BINTI ABD. MAJID** **(Ordinary Resolution 7)**

   "That approval be and is hereby given to Datuk Puteh Rukiah binti Abd. Majid who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting."
   **(Refer Explanatory Note D)**

# *Notice of Annual General Meeting*

8. **CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR - DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR** **(Ordinary Resolution 8)**

"That subject to the passing of the Resolution 1 above approval be and is hereby given to Datuk Syed Abu Bakar bin S Mohsin Almohdzar who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting."
**(Refer Explanatory Note D)**

9. **CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR - DATUK OOI TEIK HUAT** **(Ordinary Resolution 9)**

"That subject to the passing of the Resolution 2 above approval be and is hereby given to Datuk Ooi Teik Huat, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting."
**(Refer Explanatory Note D)**

10. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE SUBSIDIARIES OF THE COMPANY 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 10)**

"That subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the subsidiaries of the Company 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 20 April 2022, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the 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 E)**

11. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE SUBSIDIARIES OF THE COMPANY 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 11)**

"That subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the subsidiaries of the Company 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 20 April 2022, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the 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 E)**

12. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE SUBSIDIARIES OF THE COMPANY 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. (MALAYSIA) SDN BHD ("MITSUI & CO. (M)") 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 subsidiaries of the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving interest of Mitsui & Co., Mitsui & Co. (M) and TGM, as set out in Section 2.4 of the Circular to Shareholders dated 20 April 2022, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the 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 E)**

13 **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE SUBSIDIARIES OF THE COMPANY 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 13)**

"That subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the subsidiaries of the Company 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 20 April 2022, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the 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 E)**

14. 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 31st 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 13 May 2022.

**By Order of the Board**

**Yanti Irwani binti Abu Hassan**
(SSM PC No.: 201908003274)
(MACS 01349)
Company Secretary

Shah Alam, Selangor Darul Ehsan
20 April 2022

**NOTES:**

1. **IMPORTANT NOTICE**
   The Broadcast Venue of the 31st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (the "Act") 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 Act 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 13 May 2022 (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 at Ground Floor or 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 03-7890 4670 or emailed to

# Notice of Annual General Meeting

BSR.Helpdesk@boardroomlimited.com, no later than Wednesday, 18 May 2022 at 10.00 a.m. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com/. 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 virtual general meeting for further details.

**EXPLANATORY NOTES:**

A. Datuk Syed Abu Bakar bin S Mohsin Almohdzar and Datuk Ooi Teik Huat ("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 evaluation conducted for year 2021. The retiring Directors met the performance criteria required of an effective and a high-performance Board based on the results. Therefore, the Board is recommending the re-election of the retiring Directors for the shareholders' approval.

B. Clause 107 of the Company's Constitution provides that any director appointed to fill a casual vacancy shall retire at the next following AGM and shall be eligible for re-election. Tan Sri Wan Zulkiflee bin Wan Ariffin, who was appointed on 1 July 2021 will be seeking re-election under Clause 107 of the Company's Constitution. Therefore, the Board is recommending the re-election of the retiring Director for the shareholders' approval.

C. 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 31st 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 20 May 2022 to the next AGM of the Company tentatively to be held in May 2023.

- 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 26 May 2021 to 19 May 2022 of an amount up to RM2,200,000.00 at the 30th AGM of the Company which was held on 25 May 2021. The total Directors' fees and any benefits paid for the financial year 2021 was RM1,422,000 and RM352,590.99 respectively.

D. **Ordinary Resolutions 6, 7, 8 and 9 – Continuation in Office as Independent Directors**
The Ordinary Resolutions 6, 7, 8 and 9, if passed, will allow Encik Tan Lye Chong, Datuk Puteh Rukiah binti Abd. Majid, Datuk Syed Abu Bakar bin S Mohsin Almohdzar and Datuk Ooi Teik Huat to continue to act as Independent 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 Directors including Encik Tan Lye Chong, Datuk Puteh Rukiah binti Abd. Majid, Datuk Syed Abu Bakar bin S Mohsin Almohdzar and Datuk Ooi Teik Huat and recommended to retain them as Independent Directors of the Company. The Board endorsed the NRC's recommendation and was of the view that their retention as Independent 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 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, Datuk Syed Abu Bakar bin S Mohsin Almohdzar and Datuk Ooi Teik Huat have abstained from deliberation and decision at the NRC and Board meeting 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, 8 and 9 at this AGM respectively.

E. **Ordinary Resolutions 10, 11, 12 and 13 - 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 10, 11, 12 and 13, if passed, will benefit the Company by facilitating the subsidiaries of the Company ("the Group") to enter into transactions with Related Parties specified in Section 2.4 of the Circular to Shareholders dated 20 April 2022 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.

**STATEMENT ACCOMPANYING NOTICE OF THE 31ST ANNUAL GENERAL MEETING**
**(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)**

**Details of individual Director who is standing for election as Director (excluding Directors standing for a re-election)**

The profile of Tan Sri Wan Zulkiflee bin Wan Ariffin is set out on page 62 of this Annual Report.

# Administrative Details

| 31st Annual General Meeting | Mode of Communication: |
|---|---|
| Thursday, 19 May 2022 at 10.00 a.m. | 1. Shareholders may type their questions in the messaging box at any time during the virtual AGM on the online meeting platform until such time that the Chairman decides.<br>2. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2021 before the commencement of the 31st AGM at 10.00 a.m. on 19 May 2022 via Boardroom's website at https://investor.boardroomlimited.com using the same user ID and password provided in Step 2 below and click "SUBMIT QUESTION" after selecting "GAS MALAYSIA BERHAD (31ST) ANNUAL GENERAL MEETING" from the list of Corporate Meeting to pose questions ("Pre-AGM Meeting Questions"). |
| **Broadcast Venue:** | |
| Gas Malaysia Berhad Pusat Sumber dan Latihan,<br>No. 40, Sekitar Business Centre,<br>Jalan Serendah 26/41, Seksyen 26,<br>40400 Shah Alam, Selangor Darul Ehsan | |
| **Meeting Platform:** | |
| https://meeting.boardroomlimited.my | |

## 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 highly transmissible Omicron variant of Covid-19, the Company will conduct its 31st AGM on virtual basis via Remote Participation and Electronic Voting ("RPEV") Facilities on 19 May 2022.

- The shareholders are strongly encouraged to participate using the RPEV Facilities which is available at https://investor.boardroomlimited.com, 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 31st AGM by indicating the voting instructions in the Form of Proxy.

- The Broadcast Venue of the 31st 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 31st AGM of the Company.**

- Due to the constant evolving Covid-19 situation in Malaysia, we may be required to change the arrangements of our 31st AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 31st 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 13 May 2022 shall be entitled to participate in the 31st 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 31st AGM.

## 4. PROXY

- If a Shareholder is unable to attend the 31st 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 31st AGM dated 20 April 2022) 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 at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or emailed to BSR.helpdesk@boardroomlimited.com, no later than Wednesday, 18 May 2022 at 10.00 a.m. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com.

- For the Shareholders who have previously submitted Form of Proxy appointing their proxies, you may register your intention to participate via https://investor.boardroomlimited.com. The proxy appointment will be deemed revoked upon your registration to personally participate remotely in the 31st AGM.

- Corporate Shareholders that wish to appoint a representative to participate and vote remotely at the 31st 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 Wednesday, 18 May 2022 at 10.00 a.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 31st 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 account ("NC shareholders") who wish to participate and vote remotely at the 31st AGM, the NC shareholder(s) can request its nominee company to appoint him/her as a proxy to participate and vote remotely at the 31st 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 Wednesday, 18 May 2022 at 10.00 a.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.

# *Administrative Details*

## 5. ELECTRONIC LODGEMENT OF FORM OF PROXY

- The procedures to lodge your Form of Proxy electronically via https://investor.boardroomlimited.com are summarized 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 to e-Proxy Lodgement]

a. Access website https://investor.boardroomlimited.com.
b. Click <<Register>> to sign up as a user.
c. Complete registration and upload softcopy of MyKad (front and reverse) or Passport in JPEG, PNG or PDF format.
d. Please enter a valid email address and wait for BSR's email verification to complete the registration.
e. The registration will be verified and approved within one (1) business day and an e-mail notification would be provided.

**e-Proxy Lodgement**

a. Login to https://investor.boardroomlimited.com using your user id and password above.
b. Select "GAS MALAYSIA BERHAD (31st) ANNUAL GENERAL MEETING" from the list of Corporate Meetings and click "Enter".
c. Click on "Submit eProxy Form".
d. Read the Terms & Conditions and confirm the Declaration.
e. Enter the CDS account number and the total number of securities held.
f. Select your proxy - either the Chairman of the Meeting ("Chairman") or individual named proxy(ies) and enter the required particulars of your proxy(ies).
g. Indicate your voting instructions – For, Against or Abstain, otherwise your proxy will decide your vote.
h. Review & confirm your proxy(ies) appointment.
i. Click submit.
j. 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 4700 or BSR.Helpdesk@boardroomlimited.com.

## 6. VOTING PROCEDURE

- The voting at the 31st 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 registrars/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 31st 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 (RPEV)

- 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.

- Kindy 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 https://investor.boardroomlimited.com.
b) Click <<Register>> to sign up as a user.
c) Complete registration and upload softcopy of MyKad (front and reverse) or Passport in JPEG, PNG or PDF format.
d) Please enter a valid email address and wait for BSR's email verification to complete the registration.

Your registration will be verified and approved within one (1) 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 Wednesday, 20 April 2022]*

**Individual Shareholders**

- Login to https://investor.boardroomlimited.com using your user id and password above.Select "GAS MALAYSIA BERHAD (31st) ANNUAL GENERAL MEETING" from the list of Corporate Meetings and click "Enter".Click on "Register for RPEV".
- Read the Terms & Conditions and confirm the Declaration.
- Enter your CDS Account 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 10.00 a.m on Wednesday,

**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 one hour (1 hour) before the commencement of the 31st AGM at 9.00 a.m. on 19 May 2022.
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.

# Administrative Details

## 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 31st 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 31ST 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 31st 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 31st AGM.

## 11. ENQUIRY

- If you have any enquiry prior to the 31st AGM, pertaining to the RPEV, 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

*31st 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:

| **Full Name (in CAPITAL Letters):** | **NRIC/Passport No.:** | **Proportion of shareholding to be represented by the proxy/proxies:** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| Address: | | | |
| Tel. No.: | | | |
| Email Address: | | | |

*and/or

| **Full Name (in CAPITAL Letters):** | **NRIC/Passport No.:** | **Proportion of shareholding to be represented by the proxy/proxies:** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| Address: | | | |
| Tel. No.: | | | |
| Email Address: | | | |

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 31st Annual General Meeting of the Company which will be held on a 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 Thursday, 19 May 2022 at 10.00 a.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 (Note 2) | | | |
| **As Ordinary Business** | | | | |
| 2. | Re-election of Director – Datuk Syed Abu Bakar bin S Mohsin Almohdzar | Ordinary Resolution 1 | | |
| 3. | Re-election of Director – Datuk Ooi Teik Huat | Ordinary Resolution 2 | | |
| 4. | Re-election of Director – Tan Sri Wan Zulkiflee bin Wan Ariffin | Ordinary Resolution 3 | | |
| 5. | Payment of Directors' Fees and any benefits payable to the Directors from 20 May 2022 to the next AGM | Ordinary Resolution 4 | | |
| 6. | Re-appointment of Auditors | Ordinary Resolution 5 | | |
| **As Special Business** | | | | |
| 7. | Continuation in office as Independent Director – Encik Tan Lye Chong | Ordinary Resolution 6 | | |
| 8. | Continuation in office as Independent Director – Datuk Puteh Rukiah binti Abd. Majid | Ordinary Resolution 7 | | |
| 9. | Continuation in office as Independent Director – Datuk Syed Abu Bakar bin S Mohsin Almohdzar | Ordinary Resolution 8 | | |
| 10. | Continuation in office as Independent Director – Datuk Ooi Teik Huat | Ordinary Resolution 9 | | |
| 11. | Proposed Renewal of Existing Shareholders' Mandate for the Subsidiaries of the Company 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 10 | | |
| 12. | Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for the Subsidiaries of the Company 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 11 | | |
| 13. | Proposed Renewal of Existing Shareholders' Mandate for the Subsidiaries of the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties involving interest Mitsui & Co. Ltd, Mitsui & Co. (Malaysia) Sdn Bhd and Tokyo-Gas Mitsui & Co. Holdings Sdn Bhd | Ordinary Resolution 12 | | |
| 14. | Proposed Renewal of Existing Shareholders' Mandate for the Subsidiaries of the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties involving interest Tokyo Gas Co. Ltd, Tokyo Gas International Holdings B.V and Tokyo-Gas Mitsui & Co. Holdings Sdn Bhd | Ordinary Resolution 13 | | |

* 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 ________________ 2022.

______________________________
Signature of Member and/or Common Seal

Contact No. ______________________

**NOTES :**
**IMPORTANT NOTICE**

1. The Broadcast Venue of the 31st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (the "Act") 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 Act 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 13 May 2022 (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 at Ground Floor or 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 03-7890 4670 or emailed to BSR.Helpdesk@boardroomlimited.com, no later than Wednesday, 18 May 2022 at 10.00 a.m. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com/. 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 virtual general meeting for further details.

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**Gas Malaysia Berhad**
**Annual General Meeting**
**19 May 2022**

**Stamp here**

Boardroom Share Registrars Sdn Bhd
Ground Floor or 11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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**GAS MALAYSIA BERHAD**

**199201008906 (240409-T)**

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