

GAS MALAYSIA BERHAD (240409-T)

MINUTES OF THE 24TH ANNUAL GENERAL MEETING OF GAS MALAYSIA BERHAD ("THE COMPANY") HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON THURSDAY, 7 MAY 2015 AT 3.00 P.M.

DIRECTORS	YBhg Datuk Hj Hasni Harun	Chairman
PRESENT	YBhg Dato' Sri Che Khalib Mohamad Noh Encik Yusa' Hassan Encik Shigeru Muraki Encik Shazali Dato' Haji Shahrani YBhg Datuk Puteh Rukiah Abd Majid YBhg Datuk Syed Abu Bakar S Mohsin Almohdzar YBhg Datuk Ooi Teik Huat Encik David Tan Lye Chong	
BY INVITATION	Encik Ahmad Hashimi Abdul Manap	Chief Executive Officer ("CEO")
	Encik Mohamed Sophie Mohamed Rashidi	Chief Financial Officer ("CFO")
IN ATTENDANCE	Cik Yanti Irwani Abu Hassan	Company Secretary
SHAREHOLDERS PRESENT	As per the attendance list [Total : 201 shareholders representing 928,023 Ordinary Shares of RM0.50 each (0.11%)]	
PROXIES PRESENT	As per the attendance list [Total : 173 representing 849,884,247 Ordinary Shares of RM0.50 each (96.57%) of which 29,202,267 or 3.32% represented by Chairman]	

AGM 1/2015 **OPENING ADDRESS**

The Chairman extended a warm welcome to the shareholders who attended the Twenty Fourth Annual General Meeting ("24th AGM" or "AGM").

Before proceeding with the business of the AGM, the Chairman invited Encik Zulkifli Kamarudin, the Security Supervisor of Hotel Istana to brief on the evacuation procedure within the meeting room and the hotel building premises.

AGM 2/2015 **INTRODUCTION OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT**

The Chairman proceeded to introduce Gas Malaysia's Board of Directors and Key Management to the shareholders and proxies.

AGM 3/2015 **QUORUM OF MEETING**

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

AGM 4/2015 **NOTICE OF MEETING**

The Chairman proposed with the consent of all Company's shareholders and proxies in attendance, the 24th AGM Notice dated 14 April 2015 as stated in the Annual Report which circulated earlier to be deemed as read.

AGM 5/2015 **PRESENTATION ON QUESTIONS FROM THE MINORITY SHAREHOLDER WATCHDOG GROUP**

The Chairman informed the shareholders that the Company had received questions from the Minority Shareholders Watchdog Group ("MSWG"). The reply of which was requested to be read at the Meeting for the benefit of all shareholders, the Chairman then invited Encik Zulkifli Mawardi, Head of Corporate Affairs, to read out the written response to the questions from MSWG.

The reply to MSWG is attached as per **Attachment I**.

AGM 6/2015 **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman explained that the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors' and Auditors' thereon was meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require shareholders' approval for the Audited Financial Statements. Hence, it would not be put for voting.

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

The Chairman then tabled the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon for discussions and opened the Meeting for questions.

After dealing with all the questions raised, the Chairman continued with the proceeding of the Meeting.

AGM 7/2015

ORDINARY RESOLUTION 1

DECLARATION OF A SINGLE-TIER FINAL DIVIDEND OF 4.06 SEN PER ORDINARY SHARE OF RM0.50 EACH IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The resolution on declaration of a single-tier final dividend of 4.06 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 December 2014 was tabled.

The payment of the said single-tier final dividend will be made on 12 June 2015 based on the entitlement date of 22 May 2015.

Encik Abdul Rahim bin Bidin, the shareholder proposed the Ordinary Resolution 1 be put to motion and Mr. William Ng Kok Kiong, the shareholder seconded the motion.

The Ordinary Resolution 1 was put to vote by show of hands and it was accepted and approved unanimously without any modification:-

RESOLVED:-

THAT a single-tier final dividend of 4.06 sen per Ordinary Share of RM0.50 each for the financial year ended 31 December 2014 be and is hereby declared and approved;

AND THAT the single-tier final dividend will be paid on 12 June 2015 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 22 May 2015.

AGM 8/2015

ORDINARY RESOLUTION 2

**RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 95(2)
OF THE COMPANY'S ARTICLES OF ASSOCIATION - YBHG
DATUK HAJI HASNI HARUN**

In view of the Chairman being an Interested Director under the Ordinary Resolution 2, the Chairman proposed for YBhg Datuk Syed Abu Bakar Syed Almohdzar to chair the Meeting for the proceeding of Ordinary Resolution 2.

With the consent of the Meeting, YBhg Datuk Syed Abu Bakar Syed Almohdzar proceeded to chair the Meeting.

YBhg Datuk Syed Abu Bakar Syed Almohdzar chaired the Meeting for Ordinary Resolution 2.

The resolution on re-election of YBhg Datuk Haji Hasni Harun who retires in accordance with Article 95(2) of the Company's Articles of Association was tabled.

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

Encik Abdul Rahim bin Bidin, the shareholder proposed the Ordinary Resolution 2 be put to motion and Mr. William Ng Kok Kiong, the shareholder seconded the motion.

The Ordinary Resolution 2 was put to vote by show of hands and it was accepted and approved unanimously without any modification:

RESOLVED:-

THAT Datuk Haji Hasni Harun retiring in accordance with Article 95(2) of the Company's Articles of Association, be and is hereby re-elected as Director of the Company.

The Chair was passed back to Datuk Haji Hasni after dealing with the above item of the agenda.

AGM 9/2015 **ORDINARY RESOLUTION 3**
RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 95(2)
OF THE COMPANY'S ARTICLES OF ASSOCIATION - ENCIK
SHAZALI DATO' HAJI SHAHRANI

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

Encik Abdul Rahim bin Bidin, the shareholder proposed the Ordinary Resolution 3 be put to motion and Mr William Ng Kok Kiong, the shareholder seconded the motion.

The Ordinary Resolution 3 was put to vote by show of hands and it was accepted and approved unanimously without any modification:

RESOLVED:-

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

AGM 10/2015 **ORDINARY RESOLUTION 4**
RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 95(2)
OF THE COMPANY'S ARTICLES OF ASSOCIATION - YBHG
DATUK PUTEH RUKIAH ABD. MAJID

The resolution 4 on re-election of YBhg Datuk Puteh Rukiah Abd. Majid who retires in accordance with Article 95(2) of the Company's Articles of Association was tabled.

Mr William Ng Kok Kiong, the shareholder proposed the Ordinary Resolution 4 be put to motion and Encik Azril Haris bin Mat, a proxy seconded the motion.

The Ordinary Resolution 4 was put to vote by show of hands and it was accepted and approved unanimously without any modification:

RESOLVED:-

THAT YBhg Datuk Puteh Rukiah Abd. Majid retiring in accordance with Article 95(2) of the Company's Articles of Association, be and is hereby re-elected as Director of the Company.

AGM 11/2015 **ORDINARY RESOLUTION 5**
TO RE-APPOINT MESSRS. PRICEWATERHOUSECOOPERS AS
AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND
TO AUTHORISE THE DIRECTORS TO FIX THEIR
REMUNERATION

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

The Meeting noted that the retiring Auditors, PwC had indicated their willingness to accept the re-appointment and consented to act as Auditors of the Company for the financial year ending 31 December 2015.

Mr. William Ng Kok Kiong, the shareholder proposed that Ordinary Resolution 5 be put to motion and Mr. Tneoh Khye Lock, a proxy seconded the motion.

The Ordinary Resolution 5 was put to vote by show of hands and it was accepted and approved unanimously without any modification:

RESOLVED:-

THAT Messrs. PricewaterhouseCoopers be and are hereby re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

AGM 12/2015 **SPECIAL BUSINESS: ORDINARY RESOLUTION 6**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE
OR TRADING NATURE WITH PETROLIAM NASIONAL BERHAD,
PETRONAS GAS BERHAD AND PETRONAS DAGANGAN BERHAD
("PROPOSED SHAREHOLDERS' MANDATE")

The resolution on the proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature with Petroliam Nasional Berhad, PETRONAS Gas Berhad and PETRONAS Dagangan Berhad ("Proposed Shareholders' Mandate") was tabled.

The details of the Proposed Shareholders' Mandate was elaborated in the Circular to Shareholders dated 14 April 2015 which was dispatched together with the Annual Report.

The Chairman informed the Meeting that the related parties involved in the Recurrent Related Party Transactions which were stated earlier, namely Minister of Finance, Inc., Petroliam Nasional Berhad, PETRONAS Gas Berhad and PETRONAS Dagangan Berhad and the Director of the Company namely, Encik Yusa' Hassan were deemed interested and have abstained from all Board deliberations and also be abstained from voting on this resolution.

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

Encik Abdul Rahim bin Bidin, the shareholder proposed that Ordinary Resolution 6 was put to motion and Mr. William Ng Kok Kiong, the shareholder seconded the motion.

The Ordinary Resolution 6 was put to vote by show of hands and it was accepted and approved unanimously without any modification:

RESOLVED:-

THAT subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties, as set out in Section 2.4 of the Circular to Shareholders dated 14 April 2015, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the Company and its subsidiaries, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - iii) revoked or varied by resolution passed by the shareholders at a general meeting,
- whichever is the earlier.

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

AGM 13/2015 **TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE ACT**

The Company Secretary confirmed that the Company had not received any notice of any other business in accordance with the Act.

AGM 14/2015 **CLOSURE OF MEETING**

Gas Malaysia's 24th AGM ended at 4.00 p.m. with the Chairman thanked all shareholders and proxies of the Company present at the Meeting.



A Member of the MMC Group  MMC

Attachment I

GAS MALAYSIA BERHAD 24th Annual General Meeting

7 May 2015

MSWG Q&A

Strategic & Financial Matters

1

As reported in Gas Malaysia's quarterly report for financial year ended 31 December 2014, the Group in achieved revenue of RM780.5 million compared to RM604.2 million in the corresponding period in 2013, an increase of 29.2%. However, profit before zakat and taxation for the same period decreased 52.1% to 23.3 million. It was stated that due to the new tariff setting mechanism, the gas cost is expected to increase due to higher volume of LNG to be purchased at market price.

i) Given the new tariff setting mechanism and the Company's core business involving sale of gas, which is very much market driven and beyond the Company's control, what are the plans to address the margin compression in the short to medium term?

Strategic & Financial Matters

A

The decrease in our profit before zakat and taxation by 52% despite the increase in revenue of 29% in our 4Q14 as compared to corresponding period in 2013 was mainly due to the gross margin compression.

With regards to the changes in the volume and pricing of LNG, the tariff setting mechanism agreed to with the Regulator is supposed to allow such cost to be passed through via adjustment to the gas tariff to customers. This is to ensure that Gas Malaysia's gross margin is not impacted and our position remains neutral.

As for the gross margin compression, we are currently working with the Regulator to address and establish a fair and sustainable gross margin for Gas Malaysia.

Strategic & Financial Matters

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As for the medium term measures, we have embarked and shall further pursue business diversification to ensure that our future profitability is not totally dependent on the current business. As you know, Gas Malaysia has recently ventured into the virtual pipeline and Combined Heat and Power businesses, and recently, we have ventured with Sime Darby into the distribution of BioCNG business.

Strategic & Financial Matters



ii) What is the Board's view on the performance of Gas Malaysia for 2015?

The Board is of the opinion that the profitability of the Group for the financial year ending 31 December 2015 will be in tandem with the current tariff framework. We are optimistic that this year's results will be an improvement from that achieved in the last quarter given the anticipated annual increase in sales volume, wider Natural Gas Distribution System ("NGDS") network and higher efficiency of operation.

Strategic & Financial Matters

2

In the Management Discussion and Analysis, it was stated that Gas Malaysia Energy Advance Sdn Bhd (“GMEA”) has secured its first customer with a capacity requirement of 33 Megawatts of electricity and 128 tonnes per hour of steam generation while Gas Malaysia IEV Sdn Bhd (“GMIEV”) has made progress with 8 identified customers that can benefit from the supply of the compressed natural gas.

When would GMEA and GMIEV be expected to contribute positively to the earnings of Gas Malaysia?

Based on our project timeline and progress to date, we expect GMIEV to contribute positively to the Group’s earnings by 1Q16 while GMEA towards the end of 2016.

Strategic & Financial Matters

3

It is stated on page 29 in the Annual Report that over the next 5 years, Gas Malaysia would be looking at expanding the Natural Gas Distribution System (“NGDS”) by approximately 700 kilometers.

What would be the budgeted capital expenditure for the NGDS?

We are poised to strengthen our infrastructure over the next five years. We are looking at expanding the NGDS network by approximately 700 kilometres, spanning from the Southern, Central and the Northern regions to the Eastern region.

The budgeted capital expenditure for this targeted expansion is between RM700 million and RM800 million.

Corporate Governance Matter

1

We noted that the Company did not put up a resolution on directors' fee for shareholders' approval despite an increase in the directors' fees. Please note that under Chapter 7 Section 7.24 of the Main Market Listing Requirements, fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting.

Could the Board provide an explanation on the above?

At the 23rd Annual General Meeting last year, the shareholders have approved the payment of Directors' fee not exceeding RM1,500,000 for the ensuing years commencing from the financial year ended 31 December 2014.

For the financial year ended 31 December 2014, the total payment for Directors' fee was RM914,000, which was below the approved threshold. As such, no further resolution is required.