



RATIONALE

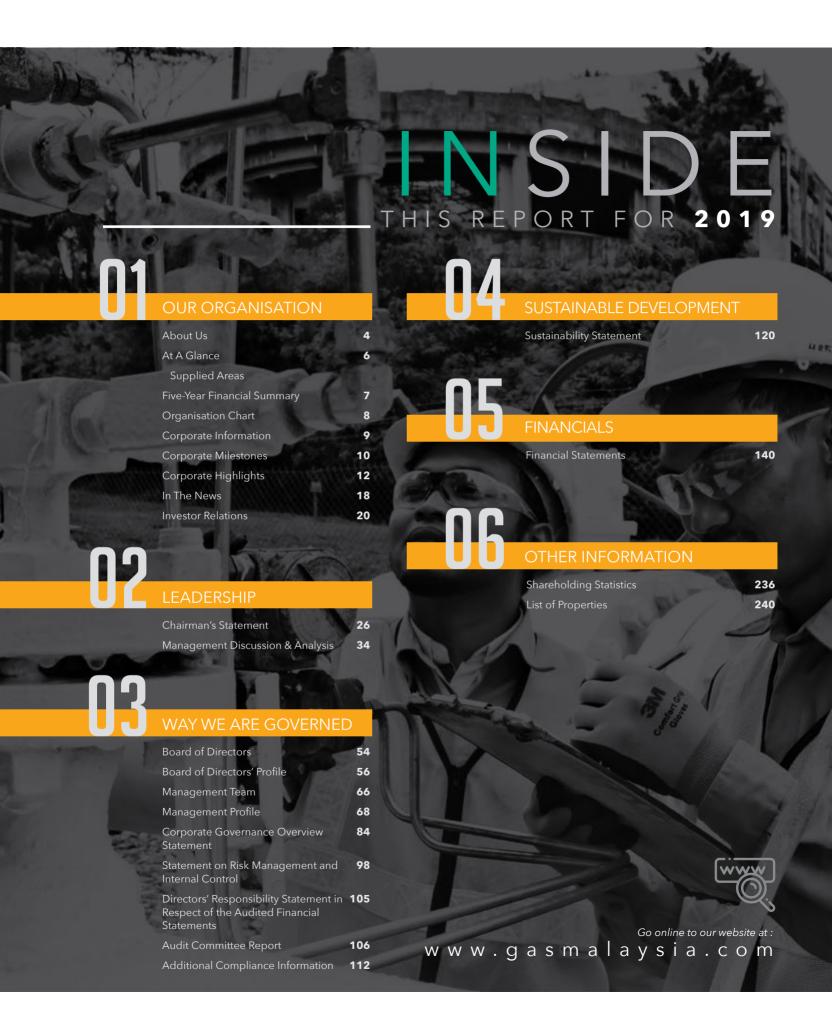
The theme for the year 2019 titled "Driven by Solid Fundamentals Towards A Sustainable Future" highlights our commitment and resilience in facing the ever evolving business landscape. We will continue to reinforce our fundamental strengths and remain steadfast towards achieving our vision as an innovative value-added energy solutions provider.

The front cover imagery illustrates the progressive flow of gas designed to also resemble a leaf, further communicating our strategic efforts in the implementation of sustainable initiatives which will ensure long-term sustainability of our business and increase shareholders' value.

We will realise all emerging opportunities and surge towards a sustainable future with greater optimism.









01 02 03 04 05 06

Our Organisation

Leadership

Way We Are

Sustainable Development Financials

Other

– Gas Malaysia Berhad



OUR ORGANISATION

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Our

Organisation

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4

05

06

Other

Gas Malaysia Berhad



Our industrial customers contribute 99.3% of the total gas volume sold. They represent a diverse range of industries that include rubber products, food, beverages & tobacco, chemical products, glass products, fabricated & basic metals and others.

Headquartered in Shah Alam, Gas Malaysia has three regional offices in Perai, Gebeng and Pasir Gudang, and eight branch offices in Kuala Lumpur, Shah Alam, Putrajaya, Senawang, Kluang, Seri Manjung, Ayer Keroh and Ipoh. This is a testament to our continuous effort in providing service excellence to meet the growing needs and expectations of our customers.

Further to this, Gas Malaysia has enhanced its commercial potential by diversifying into the non-regulated sphere of the

gas distribution business. To date via our subsidiary and joint venture companies, namely Gas Malaysia Virtual Pipeline Sdn Bhd, Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Synergy Drive Sdn Bhd and Sime Darby Gas Malaysia BioCNG Sdn Bhd, we are focused on creating new demand for natural gas and fulfilling customers' energy requirements, ultimately expanding our customer base to ensure sustainable growth.

In aligning to our well-balanced sustainable growth strategy, the core business will continue to be the main driver in spearheading Gas Malaysia to greater heights while the noncore business, via our subsidiary and joint venture companies, shall continue to provide an additional thrust to Gas Malaysia's business growth.

CLANCE

OPERATES AND MAINTAINS

2,468 km GAS PIPELINE

SAIDI

0.178 min

OF INTERRUPTION PER CUSTOMER

6.89 BIL TOTAL REVENUE

190.1 MIL PAZTMI



933 INDUSTRIAL

CUSTOMERS



2,328

COMMERCIAL CUSTOMERS



32,909

RESIDENTIAL CUSTOMERS



Our Organisation

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Other Information

Gas Malaysia Berhad



ANNUAL REPORT **2019**

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IPOH |

SER! MANJUJG



SHAH ALAM

PUTRAJAYA SENAWANG

AYER KEROH .







KLUANG

GEBENG

Branch Offices

Note: The new Putrajaya branch office located in Presint 18 is a merge between Bangi branch office and the previous Putrajaya branch office in Presint 9.



NORTHERN REGION



PERLIS

Arau Chuping

KEDAH

Kulim Kuala Ketil Padang Terap

PENANG

Bukit Minyak Mak Mandin Nibong Tebal Perai

Simpang Ampat

PERAK

Bemban Kamunting Lahat Lumut Meru

Parit Buntar Pengkalan Sitiawan Teluk Intan Tronoh

EASTERN REGION



PAHANG

Gebeng Kuantan Port

TERENGGANU

Kerteh Teluk Kalong

CENTRAL REGION



NEGERI SEMBILAN

Bandar Enstek Nilai Senawang Sendayan Seremban 2

SELANGOR

Balakong
Bandar Sultan Sulaiman
Bangi
Batu Caves
Banting
Beranang
Bestari Jaya
Bukit Raja
Cyberjaya
Damansara
Dengkil
Ijok
Jeram

Kapar Kelana Jaya Kepong

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

FEDERAL TERRITORY OF KUALA LUMPUR

FEDERAL TERRITORY OF PUTRAJAYA

SOUTHERN REGION



Kajang

MELAKA

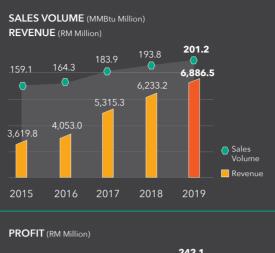
Alor Gajah Ayer Keroh Batu Berendam Bukit Rambai Cheng Lipat Kajang Pegoh Tangga Batu

JOHOR

Ayer Hitam Kluang Kulai Larkin Masai Pasir Gudang Permas Jaya Plentong Senai

Tampoi Tanjung Langsat Tebrau

Yong Peng Kempas Tongkang Pechah Sri Gading Parit Raja ANNUAL REPORT 2019 FIVE-YEAR FINANCIAL SUMMARY



TOTAL ASSETS (RM Million)





SHAREHOLDERS' FUNDS (RM Million)







NET TANGIBLE ASSETS PER SHARE (Sen)





LONG TERM LIABILITIES (RM Million)



Our

Organisation

Leadership

Way We Are Governed

04

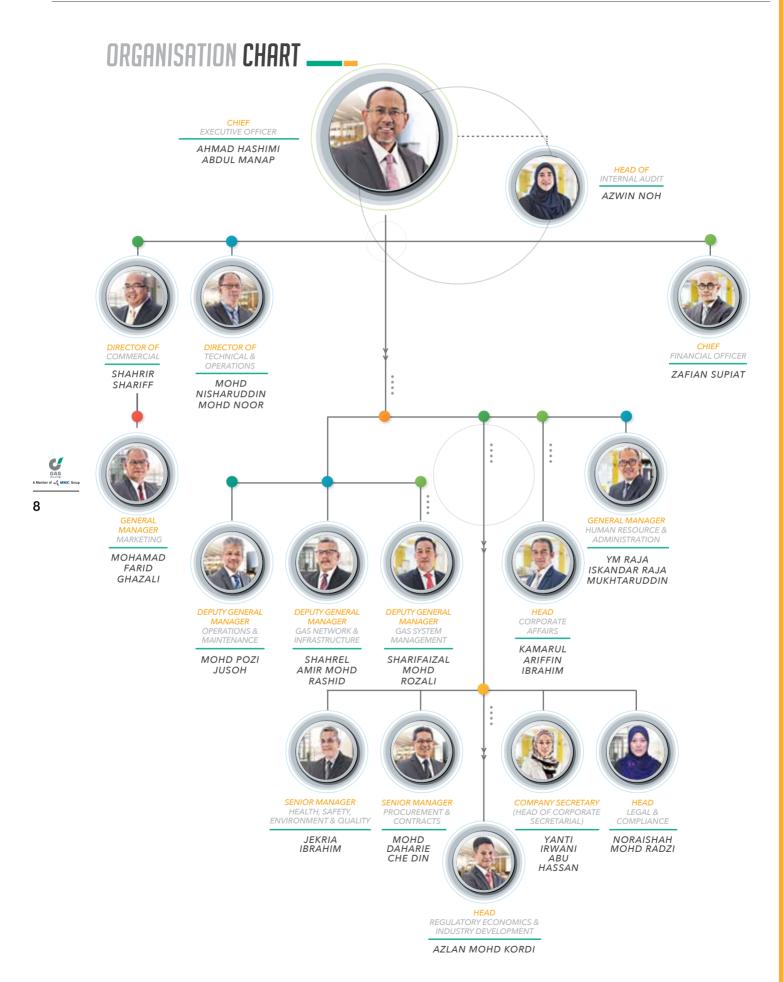
Sustainable

Development

	2015	2016	2017 Restated	2018	2019
Sales Volume (MMBtu Million)	159.1	164.3	183.9	193.8	201.2
KEY OPERATING RESULTS (RM Million)					
Revenue	3,619.8	4,053.0	5,315.3	6,233.2	6,886.5
Profit Before Zakat and Tax ("PBZT")	143.6	212.8	214.7	234.1	242.1
Profit After Zakat and Tax ("PAZT")	106.1	164.4	160.7	180.4	190.1
Profit After Zakat, Tax and Minority Interests	106.2	165.1	161.1	180.4	190.1
PROFIT AS % OF REVENUE					
PBZT	4%	5%	4%	4%	4%
PAZT	3%	4%	3%	3%	3%
KEY FINANCIAL POSITION DATA (RM Million)					
Total Assets	2,091.8	2,225.4	2,288.3	2,520.6	2,622.1
Shareholders' Funds	970.7	1,020.2	1,016.8	1,024.1	1,043.1
Total Liabilities	1,119.9	1,204.8	1,271.5	1,496.4	1,579.0
Paid-up Capital	642.0	642.0	642.0	642.0	642.0
KEY FINANCIAL RATIOS					
Revenue per Employee (RM Million)	8.026	8.773	10.914	12.367	12,993
PBZT per Employee (RM Million)	0.318	0.461	0.441	0.464	0.457
PAZT per Employee (RM Million)	0.235	0.356	0.330	0.358	0.359
Earnings per Share (Sen)	8.3	12.9	12.5	14.0	14.8
Dividend per Share (Sen)		12.9	13.0	13.5	14.1
	8.3	12.7	10.0		
Net Tangible Assets per Share (Sen)	8.3 75.6	79.5	79.2	79.8	81.2
				79.8	81.2

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

2019



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Sustainable

Development

CORPORATE INFORMATION _____

Leadership

BOARD OF DIRECTORS

DATUK HAJI HASNI BIN HARUN

Chairman

Our

Organisation

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

TOMOAKI YOKOYAMA

Alternate Director to Nobuhisa Kobayashi Non-Independent Non-Executive Director

SHARIZA SHARIS BINTI MOHD YUSOF

Alternate Director to Kamalbahrin bin Ahmad Non-Independent Non-Executive Director

AUDIT COMMITTEE

TAN LYE CHONG (Chairman) DATUK PUTEH RUKIAH BINTI ABD. MAJID DATUK OOI TEIK HUAT

NOMINATION & REMUNERATION COMMITTEE

DATUK HAJI HASNI BIN HARUN (Chairman) DATUK PUTEH RUKIAH BINTI ABD. MAJID DATUK SYED ABU BAKAR BIN S MOHSIN **ALMOHDZAR**

RISK & COMPLIANCE COMMITTEE

NOBUHISA KOBAYASHI (Chairman) DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR KAMALBAHRIN BIN AHMAD

GAS PROCUREMENT & TARIFF SETTING COMMITTEE

DATUK HAJI HASNI BIN HARUN (Chairman) DATO' SRI CHE KHALIB BIN MOHAMAD NOH NOBUHISA KOBAYASHI TAN LYE CHONG

COMPANY SECRETARY

YANTI IRWANI BINTI ABU HASSAN (MACS 01349)

CHIEF EXECUTIVE OFFICER

AHMAD HASHIMI BIN ABDUL MANAP

INVESTOR RELATIONS

KAMARUL ARIFFIN BIN IBRAHIM Email address: investor@gasmalaysia.com

REGISTERED OFFICE & HEAD OFFICE

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

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

Website address: www.gasmalaysia.com Email address: enquiries@gasmalaysia.com

SHARE REGISTRAR & DIVIDEND SERVICE PROVIDER

Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia Helpdesk Tel: +(603) 7890 4700

Fax: +(603) 7890 4670

Email: BSR.Helpdesk@boardroomlimited.com

AUDITORS

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) Level 10, 1 Sentral Jalan Rakvat Kuala Lumpur Sentral 50706 Kuala Lumpur Wilayah Persekutuan Malaysia

Tel: +(603) 2173 1188 Fax: +(603) 2173 1288

PRINCIPAL BANKER

Malayan Banking Berhad Seksyen 20, Shah Alam No. 19 & 21, Jalan Singa 20/C 40000 Shah Alam Selangor Darul Ehsan Malaysia Tel: + (603) 5032 0808

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market) Listed since 11 June 2012

Stock Name: GASMSIA Stock Code: 5209

2019

CORPORATE MILESTONES _____

18 AUGUST

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

15 DECEMBER

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

1 FEBRUARY

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

1 JUNE

Achieved two million man hours without lost time injury.

1 NOVEMBER

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

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

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

16 MAY

Incorporated as a private company.

1 SEPTEMBER

Obtained the Gas Utility License.

28 FEBRUARY

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

24 OCTOBER

Awarded the certificate for implementing an Occupational Health and Safety Management System which complies with OHSAS 18001:1999 (upgraded to OHSAS 18001:2007).

Converted into a public company.

23 FEBRUARY

Signed the new Gas Supply Agreement with PETRONAS.

11 JUNE

Listed on the Main Board of Bursa Malaysia Securities Berhad.

26 NOVEMBER

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





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8 OCTOBER

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

26 DECEMBER

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

26 DECEMBER

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

31 DECEMBER

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

22 FEBRUARY

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

12 JULY

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

4 DECEMBER

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

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20 JANUARY

GMEA commenced operations supplying to its first customer in Perai.

7 NOVEMBER

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

21 NOVEMBER

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

25 AUGUST

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

7 DECEMBER

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

10 JULY

SDGMBioCNG started supplying BioCNG to its first customer.

24 OCTOBER

GMIEV started supplying Compressed Natural Gas to its first customer.

24 FEBRUARY

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

ε ΜΔ

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

ANNUAL HEALTH SAFETY ENVIRONMENT & QUALITY DIALOGUE 2019 WITH CONTRACTORS

On 9 January, we organised our annual health, safety, environment and quality dialogue with our approved contractors at the Resource & Training Centre, Sekitar 26, Shah Alam. The dialogue session was organised with an aim to highlight second-party audit findings related to health, safety and environment matters as well as to discuss further opportunities for improving related processes collectively.

INFORMATION MEETING & LONG SERVICE AWARD CEREMONY

On 15 February, Gas Malaysia held its annual Information Meeting & Long Service Award Ceremony at Holiday Inn Kuala Lumpur Glenmarie. The main objective of this event is to give the Management a platform to engage with employees and keep them updated on the Company's performance, business direction and future outlook.

GAS MALAYSIA COLLABORATES WITH YAYASAN PELAJARAN MARA

On 18 February, Gas Malaysia together with Yayasan Pelajaran MARA ("YPM") hold a cheque handover ceremony at Menara MARA, Kuala Lumpur. The ceremony was organised to commemorate Gas Malaysia's partnership with Majlis Amanah Rakyat ("MARA") in an effort to assist low-income B40 school students who are qualified under the asnaf categories.

SURUHANJAYA TENAGA VISITS GAS MALAYSIA

On 26 February, we welcomed delegates from Suruhanjaya Tenaga ("ST") Strategic Planning & Communications Department and Industry Operations Department. The purpose of the visit was to familiarise the delegates on the administration aspect of our gas distribution pipeline network and to make acquaintance with the technical team. In addition, they were also given a detailed overview of Gas Malaysia's business.

CUSTOMER APPRECIATION NIGHT

On 27 March, Gas Malaysia organised a customer appreciation night at the Joke Factory, Publika Shopping Gallery, Kuala Lumpur. This is part of our customer engagement initiative to appreciate Gas Malaysia's top customers for their continuous support and loyalty shown for our brand and services.

GOLF GAME WITH AUTHORITIES

On 20 April, we organised a friendly golf game with authorities at Staffield Country Resort, Negeri Sembilan with respective representatives from ST and the Department of Occupational Safety and Health ("DOSH"). This is one effort to strengthen acquaintance with key stakeholders.

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– Gas Malaysia Berhad

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With an aim to foster better engagement, enhance morale and promote a healthier working environment, the "Light & Easy With CEO" session was held quarterly. The informal session, a platform for the Chief Executive Officer, Ahmad Hashimi Abdul Manap to share his experience and aspirations as well as have a two-way communication with fellow employees. Besides sharing his working experience in Gas Malaysia since its humble beginnings.





28TH ANNUAL GENERAL MEETING

Gas Malaysia's 28th Annual General Meeting ("AGM") was held on 16 May at Hotel Istana Kuala Lumpur, Jalan Raja Chulan. The AGM was well organised to cater for our valued shareholders.



MAJLIS BERBUKA PUASA & GAS MALAYSIA'S 27^{TH} ANNIVERSARY CELEBRATION

On 24 May, we organised a Majlis Berbuka Puasa and also commemorated Gas Malaysia's 27^{th} anniversary at our head office. The initiative provided an opportunity for our employees to reconnect and come together as one family. In a bid to reaffirm our commitment towards helping the less fortunate, this year we invited 39 orphans from Pusat Jagaan Cahaya Kasih Bestari from Kampung Melayu Subang. Also gracing this event was Ustaz Azizul Asri Ahmad Tajuddin, who provided an inspiring tazkirah on the wisdoms and virtues of Islam as well as its importance during the month of Ramadhan.





HARI RAYA AIDILFITRI CELEBRATION

On 28 June, we held a celebration at our head office in conjunction with Hari Raya Aidilfitri. The annual festive event was attended by all employees of Gas Malaysia including subsidiary and joint venture companies as well as those from branch offices. The event was graced with the presence of Gas Malaysia's Chairman, Datuk Haji Hasni Harun and the Chief Executive Officer, Ahmad Hashimi Abdul Manap. The event provided an opportunity for us to celebrate the occasion with a sense of unity and good will. In a bid to reaffirm our commitment towards helping the less fortunate, this year we invited 20 orphans from Pusat Jagaan Nur Sakinah based in Bandar Pinggiran Subang, Shah Alam.

THIRD PARTY ACCESS ROADSHOW WITH INDUSTRIAL CUSTOMERS

Between the month of April and May 2019, we organised seven engagement sessions with our industrial customers to clarify our position and highlight the changes and impact that Third Party Access system will bring about to the industry. The roadshow was organised at all four regions within Peninsular Malaysia, based on our industrial customers' presence.



——— Gas Malavsia Berhad

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HEALTH & SAFETY MINI CONVENTION

On 4 July 2019, we organised a Health & Safety Mini Convention at our Resource & Training Centre, in Shah Alam. This session was held with all our approved contractors to re-emphasise Gas Malaysia's concern in meeting all safety and health requirements, specifically at construction site.





JOINT EMERGENCY RESPONSE DRILL WITH LOCAL AUTHORITIES

On 23 July, we conducted an emergency response drill (simply known internally as LATIGAS-LATIHAN KECEMASAN GAS BERSAMA) at Kawasan Lapang Lebuh Ayer Keroh to measure the effectiveness of our emergency response plan involving local authorities. The drill was based on a simulated scenario which involved a third party contractor carrying out underground work in the vicinity of Gas Malaysia's distribution pipeline.

THIRD PARTY ACCESS ("TPA") SEMINAR FOR RESIDENTIAL & RETAIL SECTOR

We organised a seminar on TPA system for our Residential & Retail sector at Dorsett Hartamas, Kuala Lumpur on the 21 and 22 August 2019. The seminar was aimed to clarify our position and highlight the changes and impact that TPA system will bring about to the industry. About 130 customers participated for this seminar session.



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ANNUAL OCCUPATIONAL SAFETY & HEALTH DAY

On 25 September, Gas Malaysia organised its Occupational Safety & Health (OSH) Day 2019 with an interesting theme called "Turn Fat into Fit & Eat Well for Less". The event was held at our Resource & Training Centre. The objective of this event is to create awareness towards practicing a healthy lifestyle, inculcating a culture emphasising on safety and health into our daily life. At the same time, it is also a platform for knowledge and information sharing on present issues related to occupational safety and health.

SELANGOR SULTAN ACCEPTS RM3.5 MILLION IN ZAKAT FOR SELANGOR ZAKAT BOARD FROM GAS MALAYSIA

The Sultan of Selangor, Duli Yang Maha Mulia Sultan Sharafuddin Idris Shah Al-Haj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj on 9 December, received RM3.5 million in business zakat (tithe), on behalf of the Selangor Zakat Board (Lembaga Zakat Selangor), from Gas Malaysia. The Zakat for the financial year ending 2019 was handed over to the Sultan by Gas Malaysia's Chief Executive Officer, Ahmad Hashimi Abdul Manap at a ceremony held at Istana Alam Shah and the zakat payment was for the financial year ending 2019.



SPORTS & RECREATIONAL ACTIVITIES

Zumba Fitness Workout

25 January, 15 & 19 March, 20 September, 21 & 30 October & 4 December

Specifically tailored for the ladies, the dance inspired fitness workout session, better known as Zumba, was organised several times throughout the year with an aim to encourage a healthy life style for our women employees.





Inter-Department Volleyball Tournament 26 January

An inter-department volleyball tournament was organised at Dewan Bunga Tanjung, Seksyen 19, Shah Alam, Selangor.



Inter-Department Badminton Tournament

15 - 16 February

An inter-department badminton tournament was organised at KSL Sports, Taman Puchong Utama, Puchong, Selangor.



16



Mount Kinabalu Expedition

24 - 28 February

An expedition was organised to the tallest mountain in Malaysia, Mount Kinabalu in Sabah. The expedition tested the participants endurance, both physically and mentally.



Fishing Activity At Kelong

1 & 2 March

A fun filled Kelong fishing outing was organised at Pulau Indah, Klang. It provided a platform for participants to further enhance their outdoor skills and strengthen their relationships.



Fardhu Ain Classes

15 March, 23 August, 27 September & 22 November.

Fardhu Ain classes were conducted several times throughout the year. The classes which were intended to essentially prepare the Muslimah towards better understanding of Islam holistically as well as their duties and responsibilities as Muslims, in performing their daily obligatory acts as decreed by the holy Qur'an and Al-Sunnah.

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Other Information



Sushi Making Class

16 March

An exciting sushi making class was organised at the head office's cafeteria. The Japanese dish of humble origins has been a local delight and participants managed to learn the art of making sushi. This class also allowed participants to understand and respect the Japanese food culture of sushi making.



Gunung Chemerong, Berembun & Langsir Waterfall Expedition 19 - 21 July

An adventurous hiking trip to the waterfalls was organised to Hutan Simpan Chemerong-Berembun-Langsir, Dungun, Terengganu.



Golf Get Together With Customers

30 November

A golf session with key customers was held at Amverton Cove & Island Resort, Carey Island. It was organised as an engagement session to strengthen the business relationship with our key industrial customers.



Football Inter-Department Tournament

7 September

An inter-department football tournament was organised at NPNG Sport Centre, Damansara Damai, Selangor.



Inter-Department Bowling Tournament

28 September

An inter-department bowling tournament was organised at Alam Lanes, AEON Mall Shah Alam, Seksyen 13, Shah Alam, Selangor.



Inter-Department Dart Tournament

19 October

An inter-department dart tournament was organised at our head office.



Inter-Department Table Tennis Tournament

26 October

An inter-department table tennis tournament was organised at i-City Table Tennis Trading, Seksyen U13, Bandar Setia Alam, Shah Alam, Selangor.



Inter-Department Snooker Tournament

2 November

An inter-department snooker tournament was organised at Golden Break Snooker & Pool Club, AMCORP Mall, Petaling Jaya, Selangor.



Adventure Trip To Royal Belum Forest

28 - 30 December

A back to nature trip was organised to Royal Belum Forest, Tasik Banding, Perak.





Our Organisation

sold Limited earnings impact from power sector reform seen on Gas Malaysia

Gas Malaysia Rho

igs

Maintainceach with a long targot price of RM3. II: Gas Malayas Bind's carriags profile could
as Bind's carriags profile could
achange as it enters the incenme-based regulation regulatory
period 2 (RP2) in 2020. Following
the suplemation of third party
access (TPA) and RP2, we believe
(i) other parties with a silve with
access its pipelines to distribute I
gas, (ii) pipelines and strail diswith a silve with the silve with the silve with
the distribution division (pipeline if
the distribution division (pipeline if Maintained ackf with a longe turthe distribution division (pipeline are to the state of the state o which is not regulated), and (iii) returns for its regulated business

(currently: 7.5%) will fall, To recap, Gas Malaysia is the owner of its pipeline assets and the sole gas distributor to users that consume less than five mil-lion standard cubic feet per day (mmscfd) of gas, its regulated asset base (RAB) includes both asset base (RAB) includes both the book value of its pipeline assets as well as an assumption of one month working capital and the beautiful (for gas con). Manage-sea guided that the higher RAB the distribution segment and where my vine from the thinger

therm a gins from the shipper smess should be able to offset impact of potentially lower slated returns.

as Malaysia proposed a final wial year ended 2018 (FY18)

new tariff

y distriction, and have not odd y distriction. Any have feature from the developers. The sector flow of course supply from the factor of 1,5 m. Sector of 1,5 m. And a 1,7 s. q. No reduction in the sector of 2,5 m. and the sector of 2,5 m. T

A. Account of the country to the cou

considered near Plat per we pust now financial of the time months to it the margin spread to true GMD and and a 73.23. It said

dividend per share (DPS) of 4.5 sen on March 14, 2019, bringing issocial FY181DPS to 13.5 sen (verinstead F1181Ac 5 to 13.5 Feb (ver-ms FY17 DP5 of 13 sen), which is slightly above our FY18 DP5 forecast of 13 sen. This represents forecast of 13 sen. This reported earnings 95% of its FY18 reported earnings

translating into a decent dividen d yield of around 5%. We gather that the group aims to at least austain its FY19 DPS at a level similar to FY18, which is achievable, in our view, or it has been paying out around 100% of its earnings (dividend policy: 75% payout) over

theng poacy; 10 to papears over the post few years. We cut our financial ending 2019 ural 2021 forecasts (FY19. 21F) by 0.2%-3% to factor in the higher operating costs. Our target higher operating costs. Our target price is revised to RM2.11, still based on firancial year ending 220 forecasts (FV20F) price caraings of (P/E) 20.5 times (1-year mean P/E). Welike Gas Malaysia me an Ivit, we use that Manayum for its stable e artings peofile and attractive dividend yield of around 5% for FY19-21F. We see limited earnings impact on the group attangleon potential reforms in

Gas Malaysia's 2Q19 results in line as sales volume remains strong

► Recommendation: Market Perform TARGET Price RM3 by Kenanga Research (Aug 20)

GAS Malaysia 8hd reported yet another strong set of results for 2019 with core profit rising 19% sequen-tially to RM49m, which matched expectations. However, as it is in the final year of Regulatory Period J (RPI), sear of cut in rate of return will cap share prices from going higher. Still, we believe impact from the cut. if any, would be immaterial. This should have already been priced in. being anticipated by the market.

At 49%/48% of house/street's FY19 At \$25/\$00 or occupant of estimates, its IHI9 core profit of RM90.2m which rose \$5, YoV came within expectations. It declared its liest interim net dividend per share (NDPS) of 4.8 sen in 1H19 which is higher than 4.5 sen paid in IHIN.

Its 2019 core profit jumped 19%. QoQ to RM49m from RM41.2m previcusly on the back of 1% rise in revenor which was largely led by higher sales volume. Its 2019 gas volume rose by 3% to 6% in number

	41113	SUOI	1g
mosc G	AS MALAYS	IA BHD	
TURNOVER (RM mill)	3018	Street	-
CORE NET PROFIT (RM mil)	6233.2	6,5548	20206
CORE EPS (sen)	169.7	184.)	8058.9
ORE PER (x)	:82	344	188.7
The second secon	215	- 22	147
G.80/mmbeu to RM2/mmbeu	44.4	19.9	195

RM1.80/mmbeu to RM2/mmbeu Similarly, 2Q19 and 1H19 core rofit grew 3% and 4% to RM49m and RM60.2m respectively, from last year mainly driven by higher sales volu by 4% and 3% over the year. On the other hand, reversues leapt at a higher percentage of 16% and 17% in 2Q19 and 1H19, respectively, primarily due to higher gas relling price which was well expected given the half-yearly scheduled hike in gas selling price.

Gas Malaysia is in the final year of RP1 before the new RP2 is impleinted next January. Given the case of Tenaga Nasional Rhd, which saw its rate of return on regulated asset

rial impact to earnings, amou RM3.8m based on RM1.9b RAB in FY19. While keeping our forecast, we raised our NDPS by 20% as we upped our payout ratio to 90% from 75%

Although there is uncertainty over the margin spread in the new RP2 we remain optimistic on its steady volume growth, while there is a new source of income arising from retail margin under the third-party access atracture.

We believe the market should have priced in the uncertainty as its share price has been hovering at the current evel for the past one year despite specying results. Thus, we maintain our 'Market Perform' call, which is apported by decent dividend yield of 4%-5%. However, TP is reduced ghrly to RM3/DCF share from staos/DCF share as we roll over hustion base-year to FY20 from FY19 Upside risk to our call is sales dume continuing to be stronger

an expected.

MARGMA gesa kurangkan kadar tarif gas, elektrik

Persatuan Pengeluar Sarung Tangan Geta Malaysia (MARGMA) mengeses Gas Mi Malaysia Bird dan Tenaga Nasional Bird untu mengurangkan kaular tarif masing-m residen MARGMA, Denis Low Jau For

Fromen MARIANA, Denis Low Jan Fo berkata persetuan mengharapkan penara nan besar agang asa asli berkatan p nununan ketara harga gas asli cecair (INO dan arang batu. Relian meminta chas souribas basharan

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an arrang batu.

Beilau meeninta dua syarikat berkemaa mengkai faktor kos serassa dan menyema semula tarif mereka supaya sekari deega harga IMG dan arang batu antarabangsa. Asu Foo berkata, pembuat sarung tanga gatah tengan mendapati amat mencaba dalam mendeparai kenalah nanga gas saif da larif elektrik 'dalak begitu kondusi' bas perniagaan dan persekitaran perniagaan ga

Gas Malaysia strengthens commitment towards renewable energy

lang-term successible strengt, ndich is to have an alternative remember and sectionists source of gas supply

od end officers and approach to a specification riselate to extend the smalless the MCD Astrony. For the heaters sucherating, the loans described to approach and up-lant described to expend and up-lant described to Section 1 and and located to Section 1 and and included to Section 1 and the Section of the located to Section 1 and the section located to Section 1 and the section of the sectio

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As for CPO, R is at a one-year high of RMZ,880 per tonse. This is the highest for CPO stocks, which have been larguishing since 2018.

INVESTOR RELATIONS ____

FINANCIAL CALENDAR





FINANCIAL YEAR ENDED 31 DECEMBER 2019

Announcement of Results



ST QUARTER 15 MAY 2019 ND QUARTER

19 AUG
2019

RD QUARTER

14 NOV 2019

TH QUARTER

13 FEB
2020

	FY2017	FY2018	FY2019
Total Assets (RM million)	2,288.3	2,520.6	2,622.1
Shareholders' Funds (RM million)	1,016.8	1,024.1	1,043.1
Revenue (RM million)	5,315.3	6,233.2	6,886.5
PBZT (RM million)	214.7	234.1	242.1
PAZTMI (RM million)	161.1	180.4	190.1
Earnings per Share (sen)	12.5	14.0	14.8
Dividend per Share (sen)	13.0	13.5	14.1
Year End Closing Price (RM)	2.89	2.83	2.75
Market Capitalisation (RM billion)	3.71	3.63	3.53

Our Organisation Leadership

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COMMUNICATING WITH OUR STAKEHOLDERS

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Gas Malaysia acknowledges the importance of engaging with its stakeholders particularly the institutional investors and investment analysts. Our objective is essentially to provide a fair understanding of the Group's strategic direction, growth initiatives and major projects updates to potential and existing investors.

The Investor Relations Unit facilitates communication and continuous engagement with the investment community as we believe that continuous investor engagement will promote transparency and is the quintessential factor to thrive in the ever changing economic environment. Regular meetings and conference calls with investment analysts and institutional investors were held on a frequent basis to demonstrate our commitment in engaging the investment community.

WHAT INSTITUTIONAL INVESTORS AND STOCKBROKERS HAVE ASKED US THIS YEAR



- Prospect of the core business;
- Guidance on volume growth;
- Guidance on number of new customers;
- Guidance on CAPEX and additional pipeline commissioned;
- Guidance on Regulated Price and Market Price for natural gas;
- Prospect of the non-core business:
 Virtual Pipeline, Combined Heat & Power,
 Bio Compressed Natural Gas;
- RP1 Tariff Structure;
- Third Party Access ("TPA");
- Earnings and risk profile of the unbundled business i.e. the distribution and shipper business under the TPA;
- Sustainability of high dividend payout ratio; and
- Shares Liquidity

ENGAGEMENT ACTIVITIES IN 2019



Engagement Session with Investment Fraternity

- American International Assurance (AIA)
- AllianceDBS Research
- BIMB Securities
- CGS-CIMB Securities
- CLSA Securities (M)
- Macquarie Capital Securities (M)
- Maybank Investment Bank
- MIDF Amanah Investment Bank
- Kumpulan Wang Simpanan Pekerja (KWSP)
- Lembaga Tabung Haji (LTH)
- Nomura Securities

Multiple In-house Meetings (10)

Multiple One-on-One Meetings (34)

Multiple Group Meetings (54)

Multiple Conference Call

Analysts:

- Affin Hwang Capital
- AllianceDBS Research
- BIMB Securities
- CGS-CIMB Securities
- CL3A Securities (W)
- Renanga investment bank
- Naybank investment bank
- MIDF Amanah Investment Bank
- UOB Kay Hian
- JP Morgan
- Public Investment Bank

Fund Managers:

- AIA
- AIIMAN
- AmInvest
- Amundi Malaysia
- Aberdeen Standard
- Cairnsmore Capital
- Capital International
- Eastspring Investment
- Franklin Templeton
- DBS Vickers
- KWSP
- Hong Leong Asset Management
- KAF Asset Management
- Kumpulan Wang Persaraan
- Lembaga Tabung Angkatan
 Tentera

 Tentera
- LTH
- Maybank Asset Managemen
- PineBridge Investment
- Permodalan Nasional Berhad
- Public Mutual
- Principal Asset Managemen
- RHB Asset
- ValueCap Asset Managers
- Zurich Insurance & Takaful

ANNUAL REPORT 2019

As at 31 December 2019, there were 10 research houses that provided active coverage on Gas Malaysia. The summary is as follows:

	Broker/Analysts	Recommendation	Target Price (RM)
1	Affin Hwang Capital	Hold	2.85
2	AllianceDBS Research	Hold	2.75
3	BIMB Securities	Hold	3.00
4	CGS-CIMB Securities	Buy	3.11
5	CLSA Securities (M)	Buy	3.20
6	Kenanga Investment Bank	Buy	3.00
7	Macquarie Capital Securities (M)	Buy	3.18
8	Maybank Investment Bank	Hold	2.80
9	MIDF Amanah Investment Bank	Buy	3.11
10	UOB Kay Hian	Hold	2.90

SHARE PRICE PERFORMANCE



Opening Price on	Closing Price on	Lowest Price on	Highest Price on		
2 Jan 2019	31 Dec 2019	18 Dec 2019	10 Jul 2019		
RM2.83	RM2.75	RM2.58	RM2.93		

GAS MALAYSIA VS FBMKLCI INDEX



SIGNIFICANT EVENTS THROUGHOUT 2019

	Date	Significant Events
1	15 Feb 2019	4Q FY2018 Financial Results Announcement
2	29 Apr 2019	4Q FY2018 Final Dividend Entitlement
3	15 May 2019	1Q FY2019 Consolidated Results Announcement
4	16 May 2019	28 th Annual General Meeting
5	12 July 2019	Natural Gas Tariff revision for Non-Power sector
6	19 Aug 2019	2Q FY2019 Consolidated Results Announcement
7	14 Nov 2019	3Q FY2019 Consolidated Results Announcement
8	29 Nov 2019	Change in Boardroom - Cik Sharifah Sofia binti Syed Mokhtar Shah
9	09 Dec 2019	Natural Gas Selling Price for Gas Malaysia Energy and Services Sdn Bhd in Peninsular Malaysia
10	24 Dec 2019	Distribution Tariffs for Gas Malaysia Distribution Sdn Bhd in Peninsular Malaysia
11	27 Dec 2019	Issuance of Shipping Licence to Gas Malaysia Energy and Services Sdn Bhd and Distribution Licence to Gas Malaysia Distribution Sdn Bhd

2019 MONTHLY TRADING VOLUME & HIGHEST - LOWEST SHARE PRICE OF GAS MALAYSIA BERHAD

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ОСТ	NOV	DEC
Avg Volume ('000)	53,024	192,624	157,125	131,690	564,124	288,739	619,319	118,910	146,775	178,559	198,053	127,818
Highest (RM)	2.89	2.89	2.90	2.91	2.89	2.90	2.93	2.89	2.85	2.86	2.85	2.80
Lowest (RM)	2.78	2.76	2.79	2.79	2.84	2.78	2.82	2.81	2.82	2.80	2.70	2.58

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ENGAGEMENT SESSION WITH INVESTMENT FRATERNITY

On 17 January 2020, we conducted an engagement session with institutional investors and investment analysts from brokerage houses in an informal setting at our head office. The effort provided a platform for them to understand the company and its future direction from the perspective of the Management team. A briefing on TPA and its financial and operational impacts on Gas Malaysia was given by the Chief Executive Officer, Ahmad Hashimi Abdul Manap.



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ANNUAL REPORT 2019



DEAR SHAREHOLDERS.

On behalf of the Board of Directors, I am pleased to present the 2019 Annual Report of Gas Malaysia Berhad ("Gas Malaysia" or "the Group") for the reporting period from 1 January 2019 to 31 December 2019 ("FY2019").

I am happy to announce that during the financial year ended 31 December 2019, the Group performed commendably, meeting its strategic business objectives. Interestingly, this was achieved amidst a challenging business environment.

Over the last few years, the Group undertook various measures to reposition itself in the industry and take advantage of the emerging opportunities to ensure long-term sustainability of its business and increase shareholder value. Critical decision making and prudent investment coupled with a competent work force were the key factors that contributed to the Group's financial and operational success for the period under review.



DATUK HAJI HASNI BIN HARUN Chairman

MALAYSIAN ECONOMIC LANDSCAPE

The Malaysian economy moderated at 4.3% in 2019 compared with the Gross Domestic Product growth of 4.7% recorded in 2018, mirroring the slowdown in the global economic sphere. Overall economic activity was weighed down by weakerthan-expected investment and this situation is anticipated to remain subdued in the near term, with both the public and private sectors continuing to adopt a cautious stance.

Despite the overall weaker business sentiment, the demand for natural gas remained stable, translating into progressive growth. As a result, the Group actively capitalised on the opportunity to meet the energy requirements of various industries while improving efficiencies and sustaining operational performance.



2018: RM180.4 million

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Gas Malaysia Berhad



FINANCIAL HIGHLIGHTS

I am pleased to announce that, supported by a profitable and sustainable business model, for the FY2019, the Group turned in a commendable financial performance recording a revenue of RM6.89 billion compared with RM6.23 billion recorded in the preceding year.

The Group's Profit After Zakat, Tax and Minority Interest("PAZTMI") also recorded an improvement, registering RM190.1 million compared with RM180.4 million for the preceding year. This translated into improved earnings of 5.4%.

We are pleased to note that the Group's healthy revenue were mainly driven by two key factors. To begin with, there was an increase in gas volume sold to our valued customers. For the year under review, volume of gas sold increased to 201.2 million MMBtu compared with 193.8 million MMBtu in the preceding year. Owing to the increase in our customers' business activities, the Group managed to meet gas volume demands, mainly from existing customers and supported by new industrial customers.

The subsequent factor was due to the two gas tariff revisions that transpired in 2019. For the first tariff revision, the average effective tariff recorded was RM32.92/MMBtu. This translated to about 0.7% increase compared with the previous tariff revision. The subsequent tariff revision in mid-year saw a further increase of 5.3%, which translated to an average effective tariff of RM34.66/ MMBtu. The improvement in PAZTMI in 2019, was due to increase in revenue and higher share of profits in joint venture companies.

KEY ACHIEVEMENTS

Albeit a challenging journey in 2019, the Group successfully stood resilient and welcomed structural changes to the business environment with optimism. To some extent, we had anticipated these changes thus key measures were effectively taken to reinforce our fundamental strengths. Guided by our internal growth drivers, I am pleased to have witnessed positive improvements in the Group's competencies and overall performance.

In particular, the Natural Gas Distribution System ("NGDS") network, commonly known as the gas distribution pipeline network expanded by another 134 kilometres, to new areas within Peninsular Malaysia. This amounted to a total of 2,468 kilometres of gas pipeline in operation, for the year under review.

The above results are partly supported by our Kinta Valley NGDS project in Perak. This is one of our key pipeline expansion projects and, as of 2019, we managed to construct about 117 kilometres of gas distribution pipeline network. This can be translated as 84% project completion in this area. We anticipate about 40 prospective customers to benefit from this project upon its completion in year 2020. Previously, back in 2018, a ground-breaking ceremony was held in Kinta Valley, Perak. The ceremony involved Gas Malaysia together with the Ministry of International Trade and Industry and the Perak State Government. It was to mark the construction of about 140 kilometres of gas distribution pipeline network, in an effort to improve the investment prospect of the Perak state.



ANNUAL REPORT 2019

Further to this, we are pleased to highlight that our gas supply reliability has never been compromised under any circumstances. Based on a proven service model, we persistently strive to exceed our customers' expectation with respect to meeting their energy requirements. On that note, I am pleased to share that we have successfully sustained our supply reliability rate of approximately 99%. This commendable achievement has been consistent for the past 9 years, since we started quantifying our supply reliability rate back in 2010.

Anchoring on our ongoing strategic partnership, back in 2018, Memorandum of Understanding ("MoU") was signed with Tokyo Gas Co. Ltd ("Tokyo Gas") to establish a mutually-beneficial cooperation and collaboration between both parties. This is in relation to any new investment in the development of natural gas value chain covering most of the South East Asia region. As a result of the MoU, for the period under review, both parties jointly organised an educational visit to share significant business procedures involving pipeline engineering and construction as well as other related matters. The study visit proved constructive to Gas Malaysia and Tokyo Gas, allowing both companies to improve their respective technical procedures.



HIGHEST RETURN ON EQUITY OVER THREE YEARS AWARD

The Edge Billion Ringgit Club Corporate Awards 2019



HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS AWARD

The Edge Billion Ringgit Club Corporate Awards 2019

With regards to accolades received and industry recognition, during 2019, the Group was conferred with two prestigious awards under the Utilities Sector at The Edge Billion Ringgit Club Corporate Awards 2019 ceremony. The first award received was for the Highest Return On Equity Over Three Years and the second award was for the Highest Growth In Profit After Tax Over Three Years. The Edge Awards celebrate the achievements of best performing Malaysian companies with a market value of at least RM1.0 billion. They are evaluated and considered for the awards based on growth in profit, return to shareholders and corporate responsibility commitments, among others. For that, I congratulate the Management team for their continuous effort in successfully driving the Group's ambitions and enabling us to receive this independent recognition.

Third Party Access System

Following the government's efforts to liberalise the market by implementing Third Party Access ("TPA") in the year 2020, the Group remains supportive with regards to the government's aspiration.

To date, we have actively engaged with key stakeholders, especially our valued customers. Several rounds of engagement sessions were effectively conducted during the year to brief and equip our customers for TPA requirements, specifically on the Gas Supply Agreement amendments as well as understand the impact of TPA from a wider perspective.

As a responsible corporate entity, we will always be supportive of good policies such as promoting healthy competition within the industry, which ultimately benefits end users. Premised upon that, we have been working closely with *Suruhanjaya Tenaga*, to further comprehend TPA in its full aspect and be helpful in ensuring its smooth implementation.



Our Leadership

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Gas Malaysia Berhad

Challenges are common in any business undertaking. As a corporate entity with strong fundamentals backed by a solid history of 27 years, we have grown accustomed in weathering the receding tide and flow of business cycles. On that note, in FY2019, we are pleased to announce that our two wholly-owned subsidiaries, Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Energy and Services Sdn Bhd have successfully obtained the distribution and shipping licences, respectively. This is a significant development, especially when we will be operating in an open market. We also wish to reiterate to our shareholders that the Group is on track in charting the transformation of Gas Malaysia in complying with the TPA framework's regulatory requirements.

Business strategies have already been formulated to ensure that we are poised for sustainable growth despite the possibility of competitors. By retaining a strong talent pool with the right aspiration, the Group remains optimistic that it can continue to deliver a sterling performance despite being in a competitive business environment. Challenges and trying times are not new to the Group, while external conditions such as TPA will continue to have a bearing on our business. At our end, we will remain encouraged by the vast opportunities ahead that we are well positioned to leverage on, during the full-fledged implementation of TPA.

Be rest assured, we will continue to provide excellent services and ensure a safe, reliable gas supply to the nation.

DIVIDENDS

Despite facing challenging times, the Group has always remained committed in creating value for its shareholders. In line with this, the Board declared a final dividend of 4.5 sen per share. Previously, on 30 October 2019, we announced our first dividend payment of 4.8 sen per share, this was then followed by a second dividend payment of 4.8 sen per share on 31 March 2020.

Combined with the two interim dividends per share, the total dividend per share stood at 14.1 sen. This is equivalent to a total dividend amount of RM181.0 million, which is approximately 95.2% of the Group's PAZTMI.

The Group is pleased to announce that this is actually higher than our stated dividend payout policy of 75% of PAZTMI.



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HUMAN CAPITAL MANAGEMENT

Our highly competent workforce are integral to the Group's growth. Given the fact that the business environment is increasingly becoming more competitive, furnishing our valued employees to further refine their capabilities and needed skills are paramount to our success.

During the year under review, we conducted an Employee Engagement Survey intended to gauge the employees' level of satisfaction on their job. The survey results showed an engagement result of 71% which is a slight improvement compared with the preceding year's results of 70%. It is also important to note here that for both years, our results were above the national standard of 67%. The result and feedback received enables the Management to have insights on factors that drive employees to perform at their optimal level, as well as address any key areas which need improvement.

2018:*70%

* 2 years consecutively above the national standard of 67%

Further to this, we organised four quarterly staff engagement sessions with the Chief Executive Officer ("CEO") in 2019. This initiative, titled "Light & Easy Session With CEO" was conducted to provide a platform for the CEO to share his forward looking aspirations and working experience. At the same time, it encourages a two-way communication between the CEO and fellow employees. The session is expected to foster better employee engagement, enhance morale and promote a healthier working environment. This engagement session started back in 2016 and has since been an ongoing initiative. To date, we have successfully conducted 16 engagement sessions involving about 40% of our employees.

As testament to our steadfast commitment in encouraging our employees to lead a healthy lifestyle, as reported in our preceding Annual Report, health talks were continued for the year under review. This initiative was organised with an aim to raise awareness of our employees on their health and well-being. The health talks were led by established speakers, addressing key health concerns tailored for the current working society. Key topics included cancer and diabetes prevention, ergonomic hazards and a few others. With the overwhelming response by our valued employees, we are planning to make similar initiatives, moving forward.

Further to this, as part of our ongoing succession planning initiative to ensure business continuity, where key positions in Gas Malaysia is continually occupied with competent incumbents, in FY2019, the selected incumbents have successfully completed their professional training course. It will enable the incumbents to hone their potential for future responsibilities. This effort is important to ensure readiness of prospective incumbents to fill potential key positions within the Group. In this respect, the Group acknowledges the importance of talent development programmes to provide opportunities for employees to hone their capabilities and leadership skills.

In FY2019, we continued to strengthen the competency of our people while enhancing our human resources management to achieve a high level of productivity. For the year under review, I am pleased to share that we have achieved approximately 5% improvement in our overall productivity. This was on the back of Gas Malaysia's lean workforce of 530 employees, which has resulted in a commendable revenue of RM12.99 million per employee, compared with RM12.37 million in the previous year.

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PRM12.99 REVENUE PER EMPLOYEE

2018: RM12.37 million

COMMITMENT TO SUSTAINABILITY

We are honoured to announce that this is our fourth consecutive year in reporting our sustainability initiatives. The Group is encouraged to note that our efforts in balancing the three key areas of sustainability, namely, Economic, Environment and Social sphere have had an affirmative impact.

Following through from our sustainability efforts in the year 2018, we have ensured that greater emphasis is given in improving the clarity of our reporting structure for the year under review.

The Group's leadership commitment in embedding sustainable business practices in all aspects of its operations is continuously prioritised. We have in place a governance structure to manage sustainable business practices in areas we operate. Having this governance structure allows the Group to address our economic, social and environmental obligations.

The Group's Sustainability Statement appears on pages 120 to 137 of this Annual Report.

OUTLOOK

Although it is still too early to tell exactly what the economic damage from the global COVID-19 novel coronavirus pandemic will be, there is widespread agreement amongst economists that it will have severe negative impacts on the global economy. Early estimates predicated that should the virus become a global pandemic; most major economies will shed a small percentage of the value of their gross domestic product (GDP) over 2020. This has led to leading economists lowering down their 2020



forecasts of global economic growth by 3% from their initial estimates made last year. (Source: World Economic Outlook 2020, International Monetary Fund)

Malaysia like most countries in the world has not been spared from the COVID-19 pandemic which has created unprecedented impact on domestic demands and business investments. To date, the Malaysian Government has unveiled two wide-ranging economic stimulus packages amounting to RM260 billion to mitigate the impact of the COVID-19 pandemic. The first objective of both stimulus is to cushion the impact of the pandemic on the livelihoods of the people particularly vulnerable groups such as the lower income and unemployed. The second objective is to enable businesses to temporarily suspend work without adverse impacts on their ability to remain solvent. Indeed, both stimulus are designed to stabilise the domestic demands and improve the position of the country's economy.

The dynamics and severity of COVID-19 pandemic is still uncertain, hence the management will continue to assess its implication to our business. The Group will continue to monitor the situation closely and re-align its strategic direction to overcome this challenging situation whilst ensuring that we meet our service delivery to our customers.

We believe the demand for gas will be impacted due to the adverse external condition mainly the COVID-19 pandemic which effect the customers' businesses. However, with the strong efforts by the government to fight the COVID-19 pandemic, we anticipate some improvements in the near term. The Group will continue to explore new opportunities and strengthen marketing efforts to capitalise on gas demand from our existing and new industrial customers. Further to this, the Group will continue to focus its resources in building more gas distribution pipelines, in a timely manner, to expand its geographical footprint across Peninsular Malaysia.

As for our immediate focus, TPA, the Group remains optimistic that with 27 years of experience in the industry coupled with our competent workforce, reliable services, operational efficiencies and reputable relationship with our valued customers, it will give us an added advantage under a liberalised market.

With the strong fundamentals that we have built over the years, we remain confident of our strategic business direction. There is much potential that the Group can leverage on, specifically in strengthening its presence throughout Peninsular Malaysia and delivering on its growth aspirations. As we surge ahead, we look forward to further collaborate with relevant stakeholder groups to build lasting credibility and will press ahead with determination to strengthen our earnings potential.



Leadership

Way We Ar Governed Sustainable Developmen Financials

Other Information

THE GROUP WILL
CONTINUE TO
EXPLORE NEW
OPPORTUNITIES
AND STRENGTHEN
MARKETING EFFORTS
TO CAPITALISE ON
GAS DEMAND FROM
OUR EXISTING AND
NEW INDUSTRIAL
CUSTOMERS.



APPRECIATION AND RECOGNITION

Gas Malaysia's sustainable growth over the past 27 years is due to the support of various stakeholder groups, each one being valuable in their own way. The Group will always acknowledge and appreciate the immense contribution of our respective stakeholder groups.

My deepest appreciation to fellow Board members for their wise counsel and invaluable guidance in leading the Group forward. At the same time, I would also like to take this opportunity to express my sincere gratitude to Cik Sharifah Sofia binti Syed Mokhtar Shah, who has resigned and relinquished her function as a Board member. On behalf of the Board, I would like to thank her for her contributions and astute counsel to the Group.

I would like to express my gratitude to the Management team as well as employees for your commitment and dedicated efforts in ensuring the growth trajectory of the Group. As Gas Malaysia embraces a new financial year and a new chapter, I trust that all our stakeholders will continue to give us their unwavering support as we set our sights on expanding our horizons.

Thank you.

DATUK HAJI HASNI BIN HARUN

Chairman

ANNUAL REPORT **2019**



As we mark our 27th year in business, Gas Malaysia Berhad ("Gas Malaysia" or "the Group") continues to be driven by its aspiration to become the premier innovative valueadded energy solutions provider. In 2019, the Group sustained its focus on growth strategy designed to leverage on our unique strengths to further unlock hidden potential. As a result, for the reporting period from 1 January 2019 to 31 December 2019 ("FY2019"), the Group sustained its creditable performance despite the challenging business environment.

Besides registering improved earnings, I am pleased to announce that the Gas Malaysia team also delivered commendably on its yearly targets. As our customers are fundamental to the long-term sustainability of the Group, we have invested firm efforts in meeting our customers' expectations in the areas of operational merit, supply reliability, emergency response and sustaining internationally recognised management system standards.



Chief Executive Officer



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BUSINESS STRATEGY

Given the magnitude of our reach in Peninsular Malaysia, the Group has made long-term sustainable growth a key component of our business. We are optimistic that this will guide us in effectively channelling resources to generate improved earnings as well as grow shareholder value.

As it does around the world, natural gas plays a pivotal role in driving a sustainable socio-economic development of the country. The unique characteristics of natural gas combined with its promising prospects translates into potential for a steady growth in demand within Peninsular Malaysia.

From day one of our formation, the Group has been consistently promoting natural gas as a clean energy alternative to potential customers. In principle, we procure, market and distribute reticulated natural gas and Liquefied Petroleum Gas ("LPG"). We also develop, operate and maintain the Natural Gas Distribution System ("NGDS") network for the non-power sector in Peninsular Malaysia.

We proactively cater to gas demand from industrial, commercial and residential sectors accordingly, be it for natural gas or LPG. This has been our target market and core business focus, in an effort to drive bottom line growth over the long term.

As we move into a more liberalised market, the Group has explored other avenues to consolidate its position in the industry. As a result, we have broadened our business portfolio by diversifying into the non-regulated

sphere of the gas distribution business. Via our subsidiaries and joint-venture entities, the Group has expanded its business focus to projects such as Combined Heat and Power ("CHP") system, Virtual Pipeline and Bio-Compressed Natural Gas ("BioCNG"). These non-regulated business ventures aim to further capitalise new demand for natural gas and meet customer energy requirements, while simultaneously expanding our customer base.

The Group acknowledges that we will inevitably be affected by external market conditions and be subjected to new regulatory requirements. Therefore, the Group has restructured its business portfolio to be more resilient amidst a more competitive business environment. We will address challenges head-on and will continue to tap into strategic business opportunities to further improve our position within the industry, ensuring sustainable growth for the Group.

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For the year under review, the volume of gas sold amounted to a total of 201.2 million MMBtu, 7.4 million MMBtu more than the 193.8 million MMBtu sold in the preceding year. We attribute the higher gas volume sold to our firm commitment in leveraging on core competencies and ensuring the completion of all planned gas infrastructure development in a timely manner. This allowed us to meet additional demand for gas, predominantly from the industrial sector.

Among the Group's existing industrial customers, the highest demand came from the rubber, food, beverages & tobacco industries.

The gas tariff revision in 2019 as shown below also contributed to the creditable revenue for the Group:

- RM32.92/MMBtu effective from 1st January 2019; and
- RM34.66/MMBtu effective from 15th July 2019.

PAZTMI

Net profit of the Group attributable to equity holders of the Company was commendable at RM190.1 million. This was an increase of 5.4% over the RM180.4 million recorded in the preceding year, mainly due to increase in revenue and higher share of profits in joint venture companies.





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COSTS AND EXPENSES

The total costs and expenses incurred by the Group were primarily driven by the increase in gas costs due to a higher mix of Liquefied Natural Gas ("LNG") purchased at market price. As a result, total costs and expenses (before finance costs), amounted to RM6.7 billion, compared with RM6.0 billion in the previous year.

Details of the Group's cost of sales and expenses are as follows:

a) **COST OF SALES**

- Gas costs amounted to RM6.46 billion which constituted approximately 98% of the total RM6.59 billion cost of sales.
- The remaining 2% was primarily the result of depreciation and amortisation, as well as overheads for carrying out core business operations. Depreciation and amortisation amounted to RM74.46 million whereas overheads amounted to RM57.67 million.

b) **OPERATING EXPENSES**

- Operating expenses consisted mainly of human resource expenses, professional services, public relations and office expenditures. The total operating expenses for the year under review was RM61.29 million.

THE GROUP HAS DELIVERED IMPROVED EARNINGS AND ACHIEVED ITS BUSINESS TARGETS.





2018: RM293.83 million

OTHER INCOME

Other income amounted to RM6.28 million, mainly made up of finance income generated from investment which amounted to RM4.23 million representing 67.4% of other income.

EARNINGS BEFORE INTEREST, ZAKAT, TAXES, DEPRECIATION, AND AMORTISATION (EBIZTDA)

Due to the improved revenue and higher share of profits in joint venture companies in 2019, EBIZTDA increased to RM317.07 million compared with RM293.83 million recorded in the previous year.

FINANCE COSTS

Finance costs amounted to RM15.37 million. Finance costs were primarily profit payment for the Islamic Medium-Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"). These SUKUK instruments were aimed towards financing our capital expenditure ("CAPEX") projects and working capital.

TAXATION

The Group registered an effective tax rate of 20.3%, which is lower than both the 2018 effective tax rate and the statutory income tax rate in Malaysia. This was due to the effect of non-taxable items, over provision as a result of the preceding year's taxation, as well as higher share of results in joint venture companies.

In tandem with the lower effective tax rate, the Group's tax expenses were lower. They amounted to RM48.54 million in 2019, compared with RM50.23 million in the previous year.

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LIQUIDITY & GEARING RATIO

As of 31 December 2019, our cash and cash equivalents (including investment funds with licensed financial institutions), amounted to RM292.4 million. This was a reduction from the previous year's RM404.50 million and was mainly due to higher payment of gas cost and capital expenditure.

For the year under review, the gross gearing ratio stood at 27.0% compared to 21.7% recorded in the previous year. The increase was due to further drawdown of the SUKUK facility to partly finance working capital, as well as operating and capital expenditure.

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CAPITAL COMMITMENT

CAPEX for FY2019 was RM176.9 million. This was mainly due to construction projects awarded in relation to the NGDS network as well as non-NGDS projects. Projects under the NGDS network development are specific towards construction of gas pipelines and metering stations while non-NGDS projects include, among others, the purchase of gas and office equipment as well as motor vehicles.

FUTURE COMMITMENT

A future financial commitment of approximately RM650 million to RM700 million has been approved by Suruhanjaya Tenaga to be spent during the IBR's first regulatory period ("RP1"), within the years 2020 to 2022. The sum will be utilised for the development of the Group's NGDS network and non-NGDS activities accordingly.

The Group's commendable performance has resulted in generous dividends for our shareholders. Given our prudent cash flow management and our commitment in delivering the best value to our shareholders, we declared a final dividend of 4.5 sen per share. Combined with the two interim dividends per share of 4.8 sen each, the total dividend per share for FY2019 will be 14.1 sen.

OVERVIEW OF OUR BUSINESS PERFORMANCE

Gas Malaysia's story spans nearly three decades, covering successes in everything from strengthening the Group's position as an energy solutions provider to meeting the changing needs and expectations of our valued customers. Our inherent strengths as well as our commitment to growing shareholder value has made Gas Malaysia one of the industry's frontrunners, well-placed to continue generating improved returns.

ENHANCING THE GAS NETWORK INFRASTRUCTURE

The Group is focused on expanding the NGDS network to reach underserved areas that hold much promise for future sustainable growth. Our strategy to grow the core business is the result of in-depth commercial assessment aimed at forecasting future gas demand as well as planning the gas infrastructure expansion programme.

In reflection of this effort, in 2019, we awarded new gas infrastructure expansion projects equivalent to about 91.5 kilometres of gas pipeline, to be constructed in both new and existing industrial areas. This effort is in line with our supply driven model, where we remain resolute in expanding the NGDS network to more areas within Peninsular Malaysia to meet potential gas demand.

Further to this, for the year under review, the Group has successfully expanded the NGDS network by physically completing an additional 134 kilometres of pipeline raising the total to 2,468 kilometres of gas pipeline in operation within Peninsular Malaysia.

2018: 2,334 kilometres

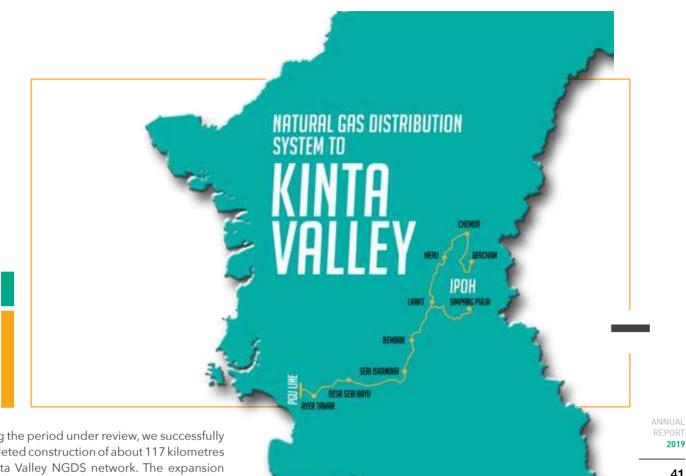
Over the decades, the expansion of our NGDS network has positioned the Group to achieve healthier economies of scale. Back in 2018, a groundbreaking ceremony involving Gas Malaysia, the Ministry of International Trade and Industry ("MITI") and the State Government of Perak was held in Kinta Valley.

The ceremony marked the commencement of the construction of about 140 kilometres of NGDS network, with a goal of enhancing investment prospects for the state of Perak. The Group is pleased to announce that this became one of our key pipeline expansion projects, promising healthy earnings potential.



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During the period under review, we successfully completed construction of about 117 kilometres of Kinta Valley NGDS network. The expansion has led us to identify about 40 prospective industrial customers so far, a number we expect will grow as we complete this project in stages by end of 2020.

SYNERGISTIC PARTNERSHIP

Collaborative partnerships have become an increasingly vital element of our longterm growth strategy. Strategic partnerships enable businesses to pool knowledge, resources, empower the organisation and even access new technology. Tapping into the prospects of synergistic partnerships, back in 2018, the Group signed a Memorandum of Understanding ("MoU") with Tokyo Gas Co. Ltd ("Tokyo Gas").

The MoU was signed to establish mutually -beneficial cooperation and collaboration between the two parties in relation to any new investment in the development of natural gas value chain covering most of the countries in the South East Asia region.

For the year under review, an educational visit was organised between both parties. In November 2019, a group of technical personnel from Gas Malaysia attended an educational field trip to Tokyo, Japan. The purpose of the trip was for attendees to study and gain vital knowledge of various procedures involving pipeline engineering and construction, safety precautionary measures, emergency response procedures, standard practices, work ethics and other related matters.

Under the MoU

Gas Malaysia Berhad and Tokyo Gas will collaborate in the following areas:

- Technical and commercial information exchange
- Collaborative investments in new projects
- Personnel exchange for educational and training purposes
- Other areas to be mutually agreed upon by both parties

OUR PRESENCE

The Group is committed to achieving greater proximity to its valued customers throughout Peninsular Malaysia. As a result, over the years we have gained a wider regional presence and increased service levels by establishing three regional offices and eight branch offices. Our widespread presence is testament to our dedication in responding to our prevailing and potential customer's needs for cleaner energy.

HEAD OFFICE

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

EASTERN KUALA LUMPUR SENAWANG IPOH BRANCH BRANCH OFFICE BRANCH OFFICE REGIONAL OFFICE REGIONAL OFFICES BRANCH OFFICES No. 34, Jalan OFFICE (ERO) No. 23, 23A & 23B, No. 20, Bunga Raya 9, Jalan Gurney Jalan Meru Bestari Lot 104, Gebena Pusat Perniagaan 54100, A14, Medan Meru Industrial Area, Senawang, 26080 Kuantan, Kuala Lumpur Bestari, Taman Tasik Jaya, Pahang Darul 30020 Ipoh, 70400 Seremban, Makmur Perak Darul Negeri Sembilan Ridzuan Darul Khusus * PUTRAJAYA **SOUTHERN AYER KEROH SERI MANJUNG BRANCH OFFICE REGIONAL BRANCH OFFICE BRANCH OFFICE** OFFICE (SRO) No. 2, 3 & 4, Jalan No. 13A, 13-1, No. 9, Jalan Jalan MH1, Persiaran PM/7, PLO 343, P18F, Presint 18, Jalan Emas Tiga, 62100 Putrajaya, Taman Muzaffar Pusat Bandar 81700 Pasir Wilayah Heights, Sri Manjung, 32040 Sri Manjung, 75450 Melaka Gudang, Persekutuan Johor Darul Takzim Perak Darul Ridzuan **NORTHERN SHAH ALAM KLUANG BRANCH OFFICE REGIONAL BRANCH OFFICE** OFFICE (NRO) No. 1, Jalan 13/15 No. 9, Jalan 53B, No. 12, Jalan Seksyen 13, Tmn. Kluang Barat, 40000 Shah Alam, 86000 Kluang, Laguna 1, Pusat Perniagaan Selangor Darul Johor Darul Takzim Laguna, Ehsan 13700 Perai, Pulau Pinang

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* The new Putrajaya branch office located in Presint 18 is a merge between Bangi branch office and the previous Putrajaya branch office in Presint 9.

CUSTOMER BASE

The Group has always been attentive towards its customers' needs. This is an effort to further improve the quality and delivery of our services. Exploring new avenues to enhance customer experience, increase efficiency and grow market share are all Group priorities. The wider industrial customer base we gained for the year under review was largely due to our strong marketing efforts. This is a significant achievement, since industrial customers account for over 99% of our total gas volume sales and are key drivers for the Group's sustainable growth.



As at the end of year 2019, the Group had a total of

36,170 CUSTOMERS

across industrial, commercial and residential sectors.

For the year under review, gas supply was commissioned to 58 new industrial customers, 456 new commercial customers and 2,341 new residential customers.

Customer Segmentation	Natural Gas (Number of Customers)	LPG (Number of Customers)	Sector Total
Industrial	933	-	933
Commercial	1,056	1,272	2,328
Residential	12,620	20,289	32,909
Total Customers	14,609	21,561	36,170

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VOLUME OF GAS

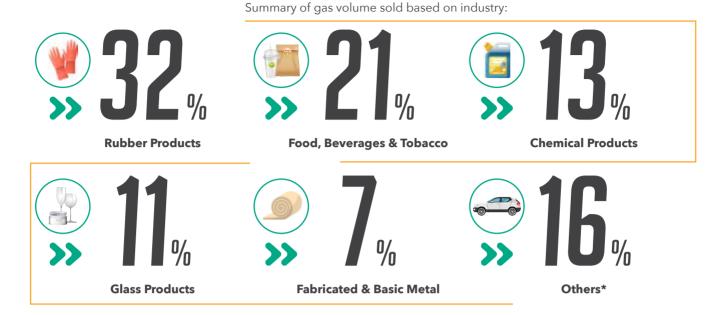
In terms of gas volume sold, our industrial customers are the largest consumers, recording up to about 99.3%. Commercial and residential customers account for the remaining gas sales.

GAS VOLUME BY CUSTOMER SEGMENT

Customer Segmentation	Number of Customers (NG & LPG)	Volume of Gas Sold (%)
Industrial	933	99.3
Commercial	2,328	0.6
Residential	32,909	0.1
Total	36,170	100.0

Most of our industrial customers are concentrated in the central region of Peninsular Malaysia, followed by the southern, northern and eastern regions. In terms of gas volume sold, the regions contributed 44.9%, 26%, 20.2% and 8.9%, respectively.

Our industrial customers represent a diverse range of industries that include rubber products, food, beverages & tobacco, chemical products, glass products, fabricated & basic metals, and others. Further to this, rubber products, food, beverages & tobacco industries account for more than half of the total gas sales by volume.



^{*} Including Automobile, Ceramics, Electrical & Electronics, Machinery & Equipment, Paper Products, Printing & Publishing, Plastic, Textiles etc.



Moving forward, greater emphasis will be placed on further capitalising on prospective industrial areas where there is potential gas demand. This will further strengthen the Group's position as a reliable energy solutions provider.

OPERATIONAL EXCELLENCE

Ensuring safe and reliable gas delivery to local industries, commercial businesses and residences is key to sustaining our business. We take pride in safeguarding the excellence of our business by ensuring gas supply reliability is never compromised at any cost. This commitment is what enabled us to achieve a supply reliability rate of approximately 99% for the year under review.

To further highlight our operational merits, in FY2019, the Group registered a lower System Average Interruption Duration Index ("SAIDI") of 0.1780 minutes of interruption per customer against the preceding year of 0.3299 minutes. SAIDI is commonly known as a performance metric or simply identified as a reliability indicator, used by utility companies worldwide to measure the duration of interruption per customer. The numbers achieved by Gas Malaysia are excellent by SAIDI standards, and are well below our targeted benchmark of under 1.5 minutes of interruption per customer.

Our emergency response team also achieved extremely good average response time, registering at 23.25 minutes. Not only was this well below our regulatory target of 90 minutes, it improved on the 26.82 minutes we had already achieved in 2018.

Performance Indicator	2018	2019
SAIDI (Average Minute of Interruption per Customer)	0.3299	0.1780
Response Time (Average Minute Taken to Respond at Site)	26.82	23.25

In addition, the Group is pleased to highlight that unaccounted-for gas ("UFG") level remained below 1%, a reflection of our determination to efficiently manage the overall flow and supply of gas throughout our NGDS network.

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OPERATIONAL RISK MANAGEMENT

Among the various risks that organisations face today, operational risks are among the most crucial since these can be disruptive and cause performance failure to a business. At Gas Malaysia, we believe that the identification and management of risks is critical in achieving our business objectives and in creating long term shareholder value.

At present, gas supply disruption is the greatest operational risk that we face. Well aware that steady, uninterrupted gas supply correlates to the long term sustainability of our business, Gas Malaysia has made rigorous efforts to mitigate any risk of gas supply disruption. These include a comprehensive preventive maintenance programme to uphold the integrity of our NGDS network.

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ACHIEVE A SUPPLY RELIABILITY RATE OF APPROXIMATELY 99% FOR THE PERIOD UNDER REVIEW.

Daily pipeline inspections are carried out to detect abnormalities and unauthorised third-party work within the vicinity of our gas facilities. Any third-party work within the vicinity of the gas facilities requires a permit and is supervised by our technical team to prevent damage to our gas facilities.

To ensure that gas facilities are in good condition, periodic preventive maintenance and systematic troubleshooting are performed. This includes gas station maintenance, checking of underground steel gas pipeline conditions via cathodic protection inspection, valve inspection, pipeline leakage survey, pipeline integrity inspection as well as odorant intensity level check.

In addition, there are also dedicated on-call emergency response teams on standby to physically respond to emergencies within 90 minutes of notification. These teams are in place to minimise the risk to the public and limit the potential damage to properties and the environment. In line with these efforts, we also conduct safety awareness seminars to increase awareness on safety aspects and joint emergency simulation drills to gauge the effectiveness of our emergency response plan.

The Group's commitment in ensuring the reliability of our gas supply is a top priority and so our operational risks will continue to be well-managed proactively and in a timely manner.

The Group's success extends to our various accomplishments in the areas of Health, Safety, Environment and Quality ("HSEQ"). Slowly but surely, we have made advances in nurturing a culture of safety and embedding the strong message that all accidents or tragedies are preventable. Our ability to achieve our operational ambitions inter relates deeply with the responsible manner in which we conduct our business activities.

The health and safety of our employees and contractors are our top priority and we constantly employ proactive measures to prevent accidents as well as minimise risks. For the year under review, in line with our commitment to ensure a safe and healthy working environment, we conducted a total of 111 Occupational Safety and Health ("OSH") inspections and performed 8 second-party audit sessions at work places.

Further to this, in September 2019, we organised an OSH Day for our valued employees. The objective of the OSH Day was to raise awareness and instil a positive culture emphasising on safety and health. At the same time, it was also a platform for effective knowledge sharing on pressing issues related to occupational safety and health.

The Group also conducted an OSH Forum & Dialogue session with our contractors. The session encouraged two-way discussions with the aim of addressing safety and health concerns and proposing remedial actions to prevent risks of untoward injury or health related issues.

Further to this, with an aim to enhance our employees' knowledge, skills and competency in carrying out their duties diligently, three training sessions on 'Basic Rigging & Slinging' were conducted in 2019, specifically tailored for our technical personnel. The aim of this initiative was to ensure that our technical personnel on-site would be competent in carrying out their lifting activities safely and responsibly.

Rising awareness on the importance of health and safety bodes well for the Group and efforts will be expanded to further reduce our environmental impact in all our operational activities.



The Group is committed to adhere to internationally recognised management system standards in improving operational efficiency and in complying with statutory and regulatory requirements relevant to our services.

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

- ISO 9001:2015 (Quality Management System);
- ISO 14001:2015 (Environmental Management System);
- OHSAS 18001:2007 (Occupational Health & Safety Management System); and
- ISO/IEC 27001:2013 (Information Security Management System).

Further to this, the SIRIM auditors recommended Gas Malaysia to upgrade its current system of OHSAS 18001:2007 to ISO 45001:2018 version.



CERTIFICATIONS RETAINED

ISO 9001:2015

(Quality Management System)

ISO 14001:2015

(Environmental Management System)

ISO/IEC 27001:2013

(Information Security Management System)

CERTIFICATION UPGRADED



OHSAS 18001:2007

(Occupational Health & Safety Management System) upgraded to **ISO 45001:2018**

It bears stating that Gas Malaysia has successfully sustained its internationally recognised management system standards since the year 2000.

AWARDS

It is always inspiring and encouraging to receive independent recognition for our accomplishments. For the year under review, the Group was conferred with two prestigious awards under the Utilities Sector at The Edge Billion Ringgit Club Corporate Awards 2019 ceremony. The first award was for the Highest Return On Equity Over Three Years and the second award was for the Highest Growth In Profit After Tax Over Three Years. This independent recognition was testament that the Group is moving forward in the right direction towards realising its growth strategies.

BUSINESS INTEGRITY

The Group aims to run its business in an ethical manner and in accordance with applicable laws. Our firm commitment includes the prohibition of any form of corruption. Reflecting on our commitment towards curbing elements of corruption and abuse of power, in October 2019, the Group conducted a Corruption-Free Pledge at its head office in Shah Alam and subsequently at all its regional and branch offices. The observance of this pledge is an effort to ensure accountability is well-established within the Group and also to hinder any form of corruption or misconduct.

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The Corruption-Free Pledge, also known as 'Ikrar Bebas Rasuah' was an initiative introduced by the Malaysian Anti-Corruption Commission ("MACC") and the Group is pleased to involve all its employees to observe the pledge. This effort is to strengthen the Group's governance based on integrity and ethical work culture.

SUBSIDIARIES AND JOINT VENTURE COMPANIES

In an effort to further expand our business reach, over the years the Group has made concerted efforts to explore potential within the gas industry's value chain. The diversification agenda, which stresses on exploring prospects in the non-regulated business sphere, was necessary to remain competitive in the industry, especially in the face of increasing market liberalisation.

As a result, the Group - via its subsidiaries and joint venture entities and with a focus on offering innovative energy solutions - has managed to advance into various new businesses within the industry.

FY2019 was a challenging year for Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"). Cheaper alternative fuels such as LPG, diesel and MFO (medium fuel oil) all affected GMVP's business. Despite this, GMVP made some progress for the year under review, steadfastly remaining focused on its business objective to supply natural gas to potential customers that have no access to our NGDS network.

At present, via its Mother Station located at Gebeng, Pahang, GMVP continues to supply its customers at Pekan with an approximate annual volume of 43,000 MMBtu of compressed natural gas. Further to this, in 2019, GMVP worked closely with a Mother Station operator based in Sendayan, Negeri Sembilan, to arrange gas supply for two new customers located within the Central region of Peninsular Malaysia. Leveraging further on this initiative, GMVP will be able to supply compressed natural gas to prospective customers located within Klang Valley area.

Further to this, GMVP signed two Gas Purchase Agreements ("GPAs") in 2019 for the sourcing of biomethane to be injected into Gas Malaysia's NGDS network. The first GPA was signed in October with Kulim Green Energy Ventures Sdn Bhd followed by the second GPA signing with Kian Hoe Plantations Berhad jointly with BioCNG Sdn Bhd, in December. Both these business ventures are part of Gas Malaysia's long-term sustainable strategy, which is to provide an alternative renewable and sustainable gas supply.

Moving forward, GMVP will continue its marketing efforts to promote its business model to potential customers in the Central, Southern and Eastern regions, targeting specifically those who are remotely located from our NGDS network.



GAS MALAYSIA ENERGY ADVANCE SDN BHD

In 2019, Gas Malaysia Energy Advance Sdn Bhd ("GMEA") continued to operate its two cogeneration plants, a 33MW and a 2MW plant, located in the Northern region and Central region respectively.

Both cogeneration plants cater for the electricity and steam/hot water requirements of GMEA's customers in a more efficient and environmentally friendly manner. Taken together, both cogeneration plants consume approximately 3.6 million MMBtu of natural gas per annum.

Cogeneration - also commonly known as Combined Heat and Power system ("CHP") - is slowly gaining acceptance by many business entities due to its environmental benefits. For the most part, CHP reduces emissions of carbon dioxide and other air pollutants.

In support of the nation's ambition to focus on energy efficiency initiatives, GMEA is currently working closely with respective policy makers, to explore potential incentives in promoting the growth of CHP in Malaysia.

Moving forward, we understand that the market remains challenging for cogeneration business given the fact that electricity base tariff remains unchanged. However, we foresee potential in this business venture as more companies are now looking at CHP as a viable alternative to conventional energy supplies.



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SIME DARBY GAS MALAYSIA BIoCNG SDN BHD

For the period under review, Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG") made strong efforts to market its business model of supplying compressed biomethane via land transportation to customers that are not served by Gas Malaysia's NGDS network.

However, owing to the challenging business environment, SDGMBioCNG experienced a setback due to the termination by an existing customer in May 2019. Nevertheless, new supply arrangements were made in June and December 2019 respectively, to recover the volume loss by supplying to two new users. With this development, we expect 2020's potential volume take-up to reach a targeted 40,000 MMBtu.

SDGMBioCNG is also actively continuing discussions with palm oil mill owners to possibly increase supply capacity as well as tap into new potential areas for growth. In support, marketing efforts have also been put in place to increase the existing supply from Felda Sungai Tengi.

GAS MALAYSIA SYNERGY DRIVE SDN BHD

Despite the challenging business environment, for the year under review, Gas Malaysia Synergy Drive Sdn Bhd ("GMSD") made progress on the construction of its first cogeneration plant in Selangor. Subject to the completion and licensing of the plant, this is expected to be operational in 2020 and cater for the electricity and steam requirements of its first customers.

Replicating the efforts of GMEA, GMSD is also involved in the CHP business, since it is part of the same strategic move by the Group to continue strengthening our diversification agenda in the non-regulated sphere. The 2.3MW cogeneration plant is expected to consume approximately 400,000 MMBtu of natural gas per annum.

GMSD is already in preliminary discussions with another potential customer and we hope to provide the energy solutions needed by this prospective customer in due course.

Moving forward, greater emphasis will be placed on improving customers' experience and cost excellence, whilst leveraging on CHP's environmental benefits to drive GMSD's future growth.

THIRD PARTY ACCESS SYSTEM

The year 2019 witnessed the Group initiating efforts in meeting the regulatory requirements of the Third Party Access (TPA) framework. With the upcoming liberalisation of the industry in 2020, Gas Malaysia positively welcomes the implementation of the TPA system as we have historically supported good policies implemented by the government.

This meant that after 31 December 2019, Gas Malaysia's business operations was formally unbundled into two separate entities, namely, the distribution arm and the shipping arm respectively.

A key development during the year under review, was the fact that we have successfully obtained a 20-year distribution licence and 10-year shipping licence respectively for our wholly-owned subsidiaries; Gas Malaysia Distribution Sdn Bhd ("GMD") and Gas Malaysia Energy and Services Sdn Bhd ("GMES").

The distribution licence will enable GMD to take up the role as a gas distributor; developing, operating and maintaining the gas distribution pipeline network as well as ensuring the safe delivery of gas to customers' premises. The shipping licence will enable GMES to make arrangement with a regasification, transportation or distribution licensee for gas to be processed or delivered via their facilities to consumers' premises.

It is common knowledge that all businesses, including the gas distribution business, have associated risks. However, in our context, risk enables us to carve a proper mitigation plan to reduce its adverse impact and leverage on new business opportunities as well as improve operational efficiencies. We concur that the implementation of TPA system in 2020, will have an impact on the Group, specifically on our base tariff and selling price. Nonetheless, with our healthy financial track record, the Group will push forward with our growth aspirations and continue to nurture improved financial governance by cultivating fiscal discipline.

The Group's ability to achieve its business aspirations depends on how well it responds to competitive forces. As such, we are ready to seize opportunities and rise to any challenges that may result from the implementation of the TPA system. We remain confident that our overall strategic direction will continue to strengthen our presence throughout Peninsular Malaysia, enabling us to be resilient and thrive in a liberalised market while remaining focused in carving a sustainable future for the Group.

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In February 2020, the Malaysian government has issued an emergency stimulus package worth RM20 billion to combat the economic impact of the COVID-19 pandemic in order to keep the Malaysian economy flowing and bring about stability to the capital markets. The stimulus package is expected to reduce the negative impact in 2020 and, perhaps more importantly, ensure that our country do not fall into a more acute and protracted economic downturn.

In light of the severity of the crisis subsequent to the first Stimulus Package Announcement in February 2020, the Malaysian Government issued a second stimulus package totalling RM240 billion. This second add-on package is needed to strengthen and broaden many of the initiatives in the February stimulus package in view of the extended movement controls that are being enforced currently. This add-on package is expected to enhance the existing financing facilities and make the stimulus package coverage more comprehensive with the specific aims of supporting businesses, particularly small and medium sized enterprises (SMEs), assist low and middle-income households and most importantly, provide fiscal injections to reinforce the national economy.

We believe both stimulus packages will be able to safeguard employment and livelihood. It is the overriding objective of the government to support the welfare of the people to the best of its ability within its means.

As for Gas Malaysia Berhad, it is still too early for the management to comprehensively asses its implication and business impact to our customers as we are unable to quantify the magnitude and duration of such impact, given the fluidity of the situation.

The Group nevertheless acknowledges that the COVID-19 pandemic is expected to have an impact on the Group's business performance for 2020 and hence, will continue to monitor the situation and strategise our business plan to meet the challenging situation.

As we are categorised under essential service provider, we will continue to operate our business as well as ensure safe and reliable gas supply to our customers. The health and safety of our employees and the wider community will remain our utmost priority. We will continue to monitor any new development in respect to the COVID-19 pandemic and further strengthen our precautionary and preventive measures accordingly.



REINFORCING OUR SUSTAINABILITY COMMITMENTS

As Chief Executive Officer and together with my colleagues, we have strived to drive change and embed sustainable business practices within Gas Malaysia as a bedrock approach in carving its success story.

The approach we have embarked on, provides the deep foundation which are needed to support our business strategy and it remains consistent with the way Gas Malaysia does its business. I am pleased to state that the Group continues to put three things at the heart of its approach.

Firstly, we are committed to sustain the growth of our business in a responsible manner, as we connect gas supply to serve demand areas across the nation. This is further complemented by our firm efforts to expand on our well-structured gas infrastructure development plan, in a timely manner. Within the frame of this aspiration, we are able to contribute meaningfully towards the development of the Malaysian economy by meeting the customers' and the nation's energy needs.

Secondly, as an energy solutions provider, we are conscious of how much impact our business operations has on the environment. Against this backdrop, focused efforts have been undertaken to safeguard the environment, while improving our financial standing. Reflecting on our drive to accelerate our sustainability commitments, we will step up efforts to further promote natural gas as a clean energy alternative, owing to its unique characteristic of potentially reducing the emission of harmful pollutants into the environment.

Finally, besides pursuing economic growth, the Group is conscious of the importance of enhancing the lives of the surrounding communities by initiating appropriate corporate social responsibility initiatives. This balance is important for the Group, as it recognises that generating improved earnings in the industry is not our sole priority. Equally important is the need to aid disadvantaged members of our society by setting an example as a responsible corporate entity.

For further elaboration on our sustainability efforts in 2019, please refer to our Sustainability Statement in this report.

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LOOKING AHEAD

The COVID-19 pandemic will certainly have a bearing on the demand for energy, precisely natural gas. The year 2020, could translate into a trying business environment for the Group. Depending on the post-COVID-19 impact to the business environment, we remain hopeful that there will be an increasing need for safe, clean, reliable and affordable energy moving forward. Over the next few years, we anticipate businesses to reassess their long-term plans and rapidly adapt to the new norm while addressing challenges ahead. This will bring about new opportunities and we expect an increase in economic activity, which eventually will translate into an encouraging demand for natural gas, to serve the needs of industries. business premises and residences respectively.

Natural gas is poised to continue to be a dominant fuel compared with other competitive alternatives in the coming years since there are strong indications that energy will continue to be a key economic driver in a nation's success story.

Against this encouraging backdrop, we anticipate an improved demand for natural gas, especially from the industrial sector, supported by the commercial and residential sectors. Equipped with a skilled talent pool, Gas Malaysia will continue to aggressively explore new opportunities and mobilise our marketing efforts to capitalise on gas demand in existing and new industrial areas.

Further to this, we anticipate the year ahead will have its fair share of challenges and equal opportunities in respect of the liberalisation of the gas market in Peninsular Malaysia. Based on our dialogue sessions, mainly with the regulator and policy makers, we understand the Government's aspiration to strengthen the foundation of the country's energy security by liberalising the market and subsequently facilitating the entry of new industry players. The Group welcomes this positive development for the gas industry.

Internal strategies have already been outlined to ensure that we are on track towards sustainable growth in spite of potential competition. Among our plans is the determination to improve and sustain our operational performance thereby optimising the value delivered to our loyal customers.

Similarly, we foresee some promising opportunities for our subsidiaries and joint venture companies, anticipating that they will make an even greater contribution to Gas Malaysia's revenue in the long-term.

As for our customers who have been loyal to us over these many years, be assured that we are unwavering in our commitment to place greater resources into building a stronger customer relationship. We will display continuous effort to ensure our services improve to a greater extend and most importantly, gas supply reliability will not be compromised under any circumstances.

As a forward-thinking Group with a long and commendable track record in the gas industry, we are well-aware of the need to strategically plan for our future growth. We are encouraged by our achievements thus far, and remain confident that, backed by solid fundamentals and supported by our committed shareholders, Gas Malaysia will continue to meet its business goals.

APPRECIATION

The accomplishments in the FY2019, would not have been made possible without the invaluable guidance and wise counsel from Members of the Board, who have provided strong leadership and paved the way for the Group's growth trajectory.

Furthermore, I would like to thank my Management team and staff for their undeterred commitment, hard work and focus in achieving 'operational excellence' and delivering yet another year of creditable performance.

I would also like to express my sincere appreciation to our loyal customers, for their utmost trust and confidence. We are also deeply grateful to our regulatory and government agencies, authorities, financiers, and business associates who have continued to render their unwavering support and encouragement to the Group.

In closing, we recognise that the Group's business ambitions can only be realised with the cooperation of our stakeholders. My sincere gratitude goes towards them. As the Group anticipates a more challenging year ahead, we ask that all our valued stakeholders continue to lend us their unwavering support.

Thank you.

AHMAD HASHIMI BIN ABDUL MANAP

Chief Executive Officer

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– Gas Malaysia Berhad



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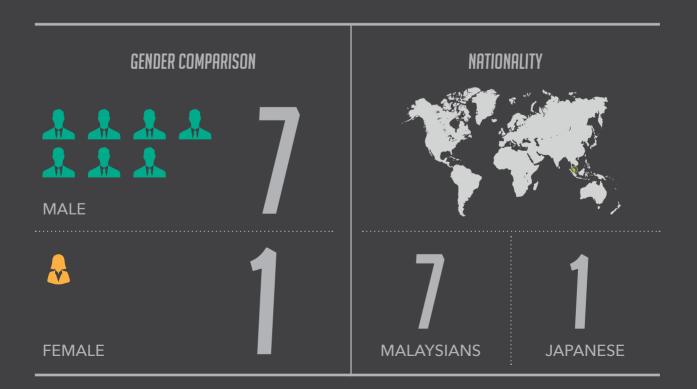
From left to right

Dato' Sri Che Khalib bin Mohamad Noh | Kamalbahrin bin Ahmad | Nobuhisa Kobayashi Datuk Haji Hasni bin Harun (Chairman) | Tan Lye Chong | Datuk Puteh Rukiah binti Abd. Majid Datuk Ooi Teik Huat | Datuk Syed Abu Bakar bin S Mohsin Almohdzar

BOARD OF DIRECTORS' PROFILE

AT A GLANCE





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Gas Malaysia Berhad

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

DATE OF **APPOINTMENT**

Director - 11 April 2008 Chairman - 15 May 2013



Malaysian | Age: 62 | Male



QUALIFICATION

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

RELEVANT **EXPERIENCE**

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

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 Meeting Attendance in 2019: 7/7

Chairman Independent Non-Executive Director

OTHER PRESENT **DIRECTORSHIPS**

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

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DATE OF **APPOINTMENT**

Director - 1 July 2013





Malaysian | Age: 55 | Male

CHE KHALIB BIN MOHAMAD NOH

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.

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.

Non-Independent Non-Executive Director

Board Meeting Attendance in 2019: 7/7

OTHER PRESENT **DIRECTORSHIPS**

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





Way We Are Governed

Gas Malavsia Berhad

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

DATE OF **APPOINTMENT**

Director - 1 April 2019





Japanese I Age: 62 I Male

NOBUHISA KNRAYASHI

QUALIFICATION

Bachelor of Commerce and Management, Hitotsubashi University

RELEVANT **EXPERIENCE**

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

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

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

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 Meeting Attendance in 2019: 4/4*

Non-Independent Non-Executive Director

(* from the date of his appointment)

OTHER PRESENT **DIRECTORSHIPS**

- Listed Issuers: None
- Other Public Companies: None

2019

DATE OF **APPOINTMENT**

Director - 19 July 2017



Malaysian | Age:56 | Male



KAMALBAHRIN BIN AHMAD

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 is currently the Vice President, Gas & Power and MD/CEO of PETRONAS Gas Berhad. Apart from disclosed below, he is also a Board Member for various companies in PETRONAS.

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.

Non-Independent Non-Executive Director

Board Meeting

OTHER PRESENT **DIRECTORSHIPS**

- Listed Issuer: PETRONAS Gas Berhad
- Other Public Companies: None







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Gas Malaysia Berhad

Member of Audit Committee
Member of Nomination & Remuneration Committee

DATE OF **APPOINTMENT**

Director - 16 August 2011





Malaysian | Age: 67 | Female

PUTEH RUKIAH BINTI ABD. MAJID

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 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 a Director of MIF Investment Ltd.

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 Meeting Attendance in 2019 7/7

Independent Non-Executive Director

OTHER PRESENT **DIRECTORSHIPS**

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

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DATE OF **APPOINTMENT**

Director - 16 August 2011



Malaysian | Age: 64 | Male

TAN LYE CHONG

QUALIFICATION

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

RELEVANT EXPERIENCE

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

He is currently practicing as an Approved Company Auditor. Prior to that, he had served as a Partner and the Head of the Audit Division of an international accounting firm, BDO; and was with the firm for over 22 years until October 2010. He has more than 32 years of working experience; primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance.

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.

ndependent Non-Executive Director

Board Meeting Attendance in 2019 7/7

OTHER PRESENT **DIRECTORSHIPS**

- Listed Issuers: None
- Other Public Companies: None





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Gas Malavsia Berhad

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

DATE OF **APPOINTMENT**

Director - 16 August 2011





SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

QUALIFICATION

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

RELEVANT **EXPERIENCE**

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

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 Meeting Attendance in 2019 7/7

Independent Non-Executive Director

OTHER PRESENT **DIRECTORSHIPS**

Listed Issuers: None

• Other Public Companies: None

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DATE OF **APPOINTMENT**

Director - 16 May 2013



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.

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.

Independent Non-Executive Director

Board Meeting Attendance in 2019: 6/7

OTHER PRESENT **DIRECTORSHIPS**

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





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SHARIZA SHARIS BINTI MOHD YUSOF

Non-Independent Non-Executive Director

Malaysian | Age: 46 | Female

DATE OF **APPOINTMENT**

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

Board Meeting Attendance in 2019: 1/1

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

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

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.

OTHER PRESENT **DIRECTORSHIPS**

- Listed Issuers: None
- Other Public Companies: None

TOMOAKI YOKOYAMA

Non-Independent Non-Executive Director

Japanese | Age: 63 | Male

DATE OF **APPOINTMENT**

Director - 1 April 2019

(Alternate Director to Nobuhisa Kobayashi)

Board Meeting Attendance in 2019: n/a

QUALIFICATION

- National Certificate:
 - i) Gas Chief Engineer (Grade A)
 - ii) Manager in charge of pollution control
- Master Degree in Architecture and Civil Engineering, Waseda University, Japan
- Bachelor Degree in Mining Engineering, Waseda University, Japan

RELEVANT **EXPERIENCE**

He joined Tokyo Gas Co., Ltd. since April 1982 as a Designer for Gas Mains, Pipeline Dispatch Center. He has been appointed as the Chief Representative of Tokyo Gas Asia Pte. Ltd. in April 2018.

Prior to that, he was on the managerial position of Transmission Pipeline O&M, Transmission Pipeline Department of Tokyo Gas Co., Ltd. from 1987 to 1991. In July 1991, he was appointed as Technical Advisor for Gas Malaysia Sdn Bhd and subsequently, in January 1994, he served as a Senior Engineer of Transmission Pipeline Department. In April 1998, he served as Manager of Pipeline Planning Department and in July 2002 as Chief of Pipeline Research and Development Center. In April 2006, he was appointed as General Manager of Fundamental Technology Department. Then in 2009, he was appointed as General Manager of District Pipeline Division of Tokyo Gas Co., Ltd. He then served as Executive Officer in Tokyo Gas Engineering Solutions Co., Ltd in April 2013 until March 2018.

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.

OTHER PRESENT **DIRECTORSHIPS**

- Listed Issuers: None
- Other Public Companies: None

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Our Organisation Leadership

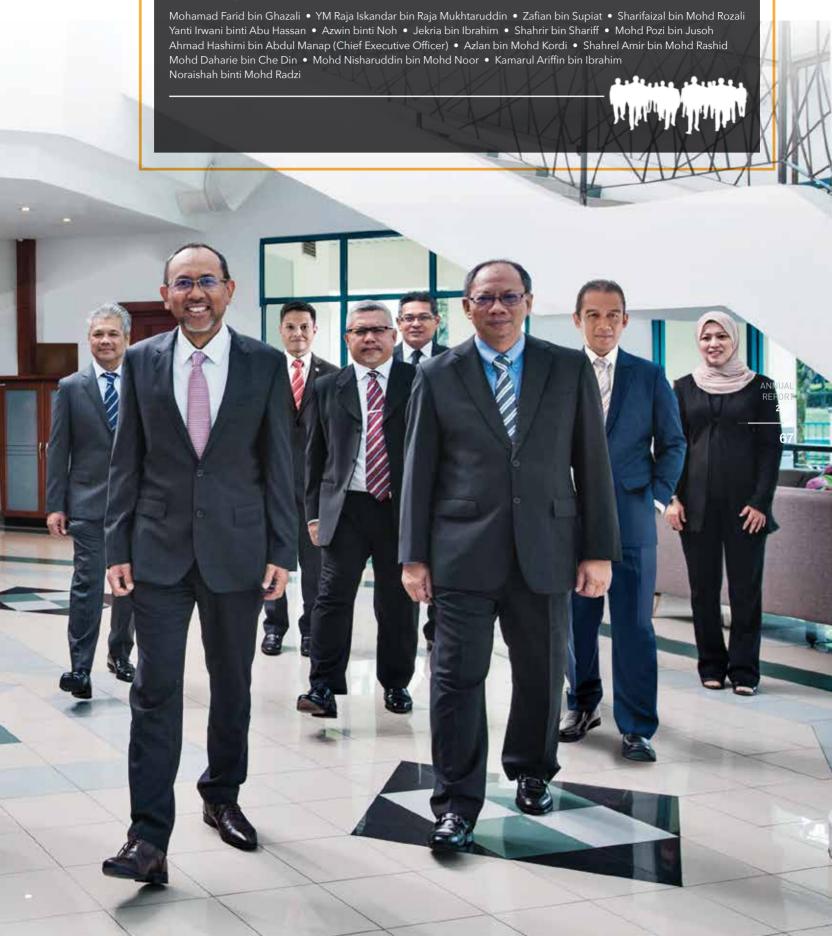
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— Gas Malaysia Berhad







AHMAD HASHIMI BIN ABDUL MANAP

Chief Executive Officer

Age 56, Male, Malaysian



Date of Appointment to Present Position:

• 12 February 2015

Present Directorship in Listed Issuers:

NIL

Present Directorship in Public Companies:
NIL

Shares Held:

 Ahmad Hashimi holds 21,500 ordinary shares of RM0.50 each in the Company as at 31 December 2019.

Qualification

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

Working Experience

- Ahmad Hashimi bin Abdul Manap is currently the Chief Executive Officer and provides strategic direction with full oversight of the overall business which includes but not limited to business, financial, operational, regulatory, stakeholders, crisis management and administrative affairs. He has 34 years of working experience, 27 years of which are in Gas Malaysia Berhad.
- Preceding to his current role, he was Chief Operating Officer, Technical, and prior to that, Senior General Manager, Operations & Maintenance Department, a position he had held since 1 January 2007. He had also held other pivotal positions in the Group. Before joining Gas Malaysia in 1992, he was part of the team that undertook the feasibility study for the implementation of the NGDS network in Peninsular Malaysia for the joint venture of MMC-Shapadu, PETRONAS and Tokyo Gas-Mitsui.
- Prior to that in 1989, Ahmad Hashimi worked with MMC Engineering Sdn Bhd as a Pipeline Engineer. He began his career in 1986 as a Structural/Civil Engineer in a local consulting firm.
- In addition to his role in Gas Malaysia, Ahmad Hashimi holds office as Chairman in Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd, Gas Malaysia Retail Services Sdn Bhd (formerly known as Gas Malaysia (LPG) Sdn Bhd) and Gas Malaysia Synergy Drive Sdn Bhd.
- He is also a Director in Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Pelantar Teknik (M) Sdn Bhd and Sime Darby Gas Malaysia BioCNG Sdn Bhd.

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Director of Commercial

Age 55, Male, Malaysian

• 2 October 2015

NII

NIL

• Shahrir bin Shariff does not hold any shares in the Company as at 31 December 2019.

- He graduated with a Bachelor of Science in Economics and Accountancy from the City University, London in
- He was subsequently admitted to the membership of the Institute of Chartered Accountants in England & Wales upon completing his articleship in London in
- Shahrir is a member of the Malaysian Institute of Accountants

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

2019



MOHD NISHARUDDIN BIN MOHD NOOR

Director of Technical & Operations

Age 55, Male, Malaysian



Date of Appointment to Present Position:

• 1 June 2019

Present Directorship in Listed Issuers:

NIL

Present Directorship in Public Companies:

Shares Held:

 Mohd Nisharuddin holds 15,000 ordinary shares in the Company as at 31 December 2019.

Qualification

- He graduated from Syracuse University, New York, USA in 1987 with a Bachelor of Science in Mechanical Engineering.
- He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.
- In 2007, Mohd Nisharuddin completed the Management Development Program from Asian Institute of Management in Manila the Philippines.

Working Experience

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

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Gas Malaysia Berhad



Chief Financial Officer

Age 45, Male, Malaysian

• 3 January 2019

NIL

NIL

• Zafian does not hold any shares in the Company as at 31 December 2019.

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

- Zafian was trained as a professional accountant where he commenced his career with Ernst & Young, Malaysia. Prior to joining Gas Malaysia, he was the General Manager of Finance in MMC Corp Berhad, Chief Financial Officer of Johor Port Berhad and Group Accountant in Pos Malaysia Berhad.
- In 2019, he made a strategic move as the Chief Financial Officer of Gas Malaysia. In this capacity, Zafian manages and supervises a team of managers under Accounting & Finance department which also includes Billing and Management Information System. He implements various financial plans, prompts budgetary planning and maintains suitable relations with Investors and stakeholders. His professional duties have also encompassed the area of corporate financial operations.
- In addition to his role in Gas Malaysia, Zafian serves as a Director in Gas Malaysia Distribution Sdn Bhd.

2019



MOHAMAD FARID BIN GHAZALI

General Manager, Marketing

Age 54, Male, Malaysian



Date of Appointment to Present Position:

• 1 August 2011

Present Directorship in Listed Issuers:

NIL

Present Directorship in Public Companies: NIL

Shares Held:

 Mohamad Farid holds 45,000 ordinary shares in the Company as at 31 December 2019.

Qualification

- Mohamad Farid graduated from Fairleigh Dickinson University, New Jersey, USA in 1988 with a Bachelor of Science in Mechanical Engineering.
- He completed the Management Development Program from Asian Institute of Management in Manila, the Philippines, in 2009.
- He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.

Working Experience

- He started his career as a Service Executive with Tractors Malaysia Sdn Bhd in 1988, where he was involved in the service operations and offshore maintenance contract.
- On 1 December 1992, he joined Gas Malaysia as Technical Support Engineer in the Marketing Department. He was subsequently promoted to Assistant Manager of Technical Support in 1995.
- In 1997, he progressed to assume the position of Industrial Sales Manager, overseeing the planning and implementation of natural gas sales activities for the industrial market. In 2011, Mohamad Farid was again promoted to his current position which is responsible for the implementation of marketing objectives and plans for Gas Malaysia.
- In addition to his role in Gas Malaysia, Mohamad Farid also serves as a Director in Gas Malaysia Retail Services Sdn Bhd (formerly known as Gas Malaysia (LPG) Sdn Bhd).

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Gas Malaysia Berhad



General Manager, Human Resource & Administration

Age 55, Male, Malaysian

• 1 January 2013

NIL

NIL

• Raja Iskandar does not hold any shares in the Company as at 31 December 2019.

- Raja Iskandar graduated in 1987 with a Bachelor of Science degree in Business Administration, majoring in Management from California State University, Sacramento, USA.
- In 2009, he completed the Management Development Program from Asian Institute of Management in Manila, the Philippines. He currently holds a membership as Fellow, Malaysian Institute of Management.

- He began his career in 1988 when he joined Mobil Oil Corporation (M) Sdn Bhd as a Sales Representative under its Graduate Program. He later joined Malaysia Tourism Promotion Board ("MTPB") in 1990 and was later made the Assistant Director for the MTPB Office in London, United Kingdom in 1992.
- He joined Gas Malaysia on 1 August 1997 as an Assistant Manager in the Residential & Commercial Sales Section. He was subsequently promoted to Manager of Marketing Support & Communications in 2000. In 2001, he was assigned a new responsibility as Industrial Sales Manager for the Northern Regional Office. Subsequently in 2005, he was reassigned as Industrial Sales Manager for the Southern Regional Office.
- On 1 August 2007, he was made the Department Head of Human Resource Department where he was responsible for the overall function of human resource management, ranging from manpower planning to compensation and benefits, as well as training and development. Raja Iskandar was promoted to his current post on 1 January 2013 to lead the combined Human Resource & Administration Department.
- In addition to his role in Gas Malaysia, Raja Iskandar also holds office as a Director in Gas Malaysia Distribution Sdn Bhd.

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SHAHREL AMIR BIN MOHD RASHID

Deputy General Manager, Gas Network & Infrastructure

Age 52, Male, Malaysian



Date of Appointment to Present Position:

• 1 June 2014

Present Directorship in Listed Issuers:

Present Directorship in Public Companies: NIL

NIL

Shares Held:

 Shahrel Amir holds 100 ordinary shares in the Company as at 31 December 2019.

Qualification

- He graduated in 1991 with a Bachelor of Engineering (BEng) in Civil Engineering, and subsequently in 1993, received his Master of Engineering (MEng) in Civil Engineering, from the Kyushu Institute of Technology ("Kyutech"), Kitakyushu, Fukuoka, Japan.
- Shahrel Amir also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga Malaysia.
- In 2011, he completed the Management Development Programme from Asian Institute of Management in Manila, Philippines.

Working Experience

- In 1996, riding on the Confederation of British Industry Overseas Scholarship Scheme, Shahrel Amir was attached to Ove Arup Partnership of London, an engineering consulting firm where he was involved in the planning, engineering and design of the Natural Gas Pipeline as well as Above Ground Installation project.
- He started his career in Gas Malaysia as a Pipeline Network Planning Engineer, Technical Planning Section, under the Technical & Operations Department on 1 May 1993.
- Subsequently, on 1 January 2001, he was appointed as the Technical Planning Manager in the Technical Services Department before going on to assume the position of Senior Manager, under the Technical Planning Section on 1 July 2012.
- On 1 June 2014, he was appointed to his current position as Deputy General Manager of the Gas Networks & Infrastructure Department. As Department Head, he is responsible for the management of the overall network planning and design, development and execution of the NGDS network and Geographical Information System projects. Parallel to the management of these projects, he plans and implements strategic efforts in strengthening the network delivery system and enhancing the reliability of the NGDS network.
- In addition to his role in Gas Malaysia, Shahrel Amir also serves as Director in Gas Malaysia Synergy Drive Sdn Bhd.

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SHARIFAIZAL BIN MOHD ROZAL

Deputy General Manager, Gas System Management

Age 49, Male, Malaysian

Date of Appointment to Present Position

• 1 July 2019

Present Directorship in Listed Issuers:

NIL

NIL

Shares Held:

• Sharifaizal holds 1,000 shares in the Company as at 31 December 2019.

Qualification

 Sharifaizal holds a Bachelor of Engineering (BEng) in Chemical Engineering with a concentration in Gas Engineering from Universiti Teknologi Malaysia. He also holds a certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.

Working Experience

- Sharifaizal began his career in 1991 as a welding inspector for offshore construction at Sime Sembawang Engineering Sdn Bhd
- He joined Gas Malaysia Sdn Bhd on 1st February 1993. During his 26 years of service in Gas Malaysia, Sharifaizal has served in various capacities in different areas of engineering and construction which includes project and contract management, engineering services, network planning, amongst others. The last position Sharifaizal held was Senior Manager of Network Development before being promoted to his current position on 1st July 2019.
- In his current position, Sharifaizal has management oversight responsibilities of Gas System Management which include the overall management of the Operations Control Centre as well as the development, operation and maintenance of the Gas Supply and Network Monitoring System.

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MOHD POZI BIN JUSOH

Deputy General Manager, Operations & Maintenance

Age 58, Male, Malaysian



Date of Appointment to Present Position:

1 July 2019

Present Directorship in Listed Issuers: NIL

Present Directorship in **Public Companies:** NIL

Shares Held:

Mohd Pozi does not hold any shares in the Company as at 31 December 2019

Qualification

- Master of Information Management Science from Universiti Teknologi Mara in 1999.
- Bachelor of Science in Mechanical Engineering from University of Sunderland, England in 1987.
- Completed the Management Development Program from Asian Institute of Management in Makati, Manila, the Philippines in 2010.
- Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.

Working Experience

- Career began in 1988 as a Service Executive, at Petaling Jaya Branch Office Service Department in Tractors Malaysia Berhad.
- Joined Gas Malaysia on 1 August 1993 as an Operations & Maintenance Engineer at Southern Regional Office, Johor and involved in the operations & maintenance of NGDS in southern region.
- Assumed various roles that includes managing the operations and maintenance of gas facilities in central, northern & eastern region and Operations Control Centre.
- Promoted on 1 July 2019 to current position as the Deputy General Manager, Operations & Maintenance, responsible for the overall management of the operations & maintenance department.

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KAMARUL ARIFFIN BIN IBRAHIM

Head, Corporate Affairs

Age 47, Male, Malaysian

Date of Appointment to Present Position:

• 1 October 2019

Present Directorship in Listed Issuers:

Present Directorship ir Public Companies:

NIL

Shares Held:

• Kamarul does not hold any shares in the Company as at 31 December 2019.

Qualification

 Kamarul holds a Master in Business Administration (specialising in Corporate Finance) from UNITEN in 2005 and graduated from University of Toledo, Ohio, USA majoring in Bachelor Business Administration (specialising in Corporate Finance) in 1996.

Working Experience

- Kamarul Ariffin is the Head of Corporate Affairs for Gas Malaysia since October 2019. He is responsible for providing support for communication, investor relation and managing stakeholders' relationship.
- Kamarul was previously the Director of Strategic Planning and Communication for Suruhanjaya Tenaga. He was tasked to identify strategic directions for ST, manage the performance, align the policies, ensure the quality management work culture whilst providing support for the publication and communication as well as managing stakeholders' relationship.
- Kamarul has over 22 years of working experience mostly in major GLCs, government agencies as well as private sectors. Prior to ST, he was the General Manager, Corporate Planning and Strategy Division of Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") and was responsible on all matters relating to corporate planning and strategy. He developed the LPPSA Business Plan which has become a live document until now.
- He was also the General Manager, Corporate at SWM
 Environment Sdn Bhd where he was responsible to oversee
 all corporate matters which amongst others was to ensure
 the company's vision is aligned. He was also tasked to build
 good relationship with stakeholders especially on matters
 related to concessionaire's agreement, tariff, compliance and
 government policies.
- He headed the Planning & Strategy Department at Indah Water Konsortium Sdn Bhd from 2013 to 2017. During his tenure, he was appointed as the Social Marketing and Human Capital Specialist by Asian Development Bank ("ADB") to undertake the role in advising the Government of Indonesia in Capacity Development and Technical Assistance for five cities i.e. Jambi, Makasar, Pekan Baru, Palembang and Cimahi and was stationed in Jakarta for a 2 man-month.

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JEKRIA BIN IBRAHIM

Senior Manager, Health, Safety, Environment & Quality

Age 57, Male, Malaysian



Date of Appointment to Present Position:

1 July 2012

Present Directorship in Listed Issuers:
NIL

Present Directorship in Public Companies:

Shares Held:

 Jekria does not hold any shares in the Company as at 31 December 2019.

Qualification

 International Diploma in Occupational Safety & Hygiene, Edith Cowan University, Perth, Australia

Working Experience

- Jekria started his career in 1981 when he joined Sabah Shipyard Sdn Bhd in Labuan as Safety Promoter. He later progressed to accept the position of Safety Foreman in ASEAN Bintulu Fertilizer Sdn Bhd, a subsidiary of PETRONAS, in November 1987.
- Prior to joining Gas Malaysia, Jekria was employed by Amoco Chemical (M) Sdn Bhd ("Amoco") in Kuantan as Safety Officer from February 1995 where he was responsible in the setting up and management of its OSH Management System. Preceding Amoco, he assumed the role of Safety Officer and later Technical/ Safety Trainer position in Shapadu Energy & Engineering Sdn Bhd, which was involved in offshore platform maintenance services. Both roles were for the period between October 1992 and January 1995.
- Jekria joined Gas Malaysia on 1 April 1999 as Manager, Occupational Safety & Health Department ("OSH"). After heading the department for five years, the Management in 2004, decided to make OSH functions more holistic by infusing the quality and environmental functions and subsequently adopted the department's present name. In July 2012, he was promoted to the position of Senior Manager, HSEQ.
- In February 2015, Jekria was appointed Management Representative for Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health & Safety (OHSAS 18001) Management Systems. In his capacity as the Management Representative, he was responsible in ensuring the relevant management systems are established, implemented and maintained in accordance with the required standards. Subsequently, in October 2016, he was given the added responsibility as the Secretariat for Risk & Compliance Management Committee. In this new role, he is entrusted with ensuring the Group's business risks were properly monitored and reviewed accordingly.

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MOHD DAHARIE BIN CHE DIN

Senior Manager, Procurement & Contracts

Age 50, Male, Malaysian

Date of Appointment to Present Position:

• 1 July 2012

Present Directorship in Listed Issuers:

Present Directorship i Public Companies:

NIL

Shares Held:

• Mohd Daharie does not hold any shares in the Company as at 31 December 2019.

Qualification

- Mohd Daharie graduated from Glasgow Caledonian University, Glasgow, Scotland in 1995 with a Bachelor of Science (Honours) in Quantity Surveying.
- He had earlier obtained his Diploma in Quantity Surveying in 1991 from Universiti Teknologi MARA (formerly known as MARA Institute of Technology).

Working Experience

- Mohd Daharie bin Che Din started his career in 1990 at Yusof and Hoe Associates Jurukur Bahan as a trainee Assistant Quantity Surveyor, as part of the Industrial Training program.
- In 1991, he joined Jurukur Bahan Perdana as Assistant Quantity Surveyor before furthering his studies at Glasgow Caledonian University. Upon his graduation in 1995, he joined RM Associates as Quantity Surveyor.
- Mohd Daharie joined Gas Malaysia on 3 February 1997 as Contract Executive and was subsequently promoted to Senior Contract Executive in 2000, Assistant Manager in 2002, Acting Manager in 2007 and Manager of Procurement & Contracts in 2011.
- He is currently the Senior Manager for the Procurement & Contracts Department.
- In synergizing the procurement's function, the Company on October 2015, has entrusted him to develop and manage another section namely purchasing section.
- With the inclusion of that section, he is now responsible for procurement, contracts, purchasing and warehouse section which falls under the Procurement and Contracts Department.

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YANTI IRWANI BINTI ABU HASSAN

Company Secretary (Head of Corporate Secretarial)

Age 42, Female, Malaysian



Date of Appointment to Present Position:

• 1 October 2015

Present Directorship in Listed Issuers:

NIL

Present Directorship in Public Companies: NIL

Shares Held:

• Yanti Irwani does not hold any shares in the Company as at 31 December 2019.

Qualification

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

Working Experience

- Yanti Irwani started her career in Tenaga Nasional Berhad as an Assistant Company Secretary. In 2007, she joined Puncak Niaga Holdings Berhad before moving on to Pharmaniaga Berhad in September 2010.
- With the experience thereby acquired, she made a strategic career move by joining MMC Corporation Berhad, a holding company of Gas Malaysia, during which she was appointed Joint Company Secretary of Gas Malaysia on 20 March 2013.
- She assumed her current role as Company Secretary of Gas Malaysia on 1 October 2015. In this capacity, she is responsible for company secretarial services for the Group.

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Head of Internal Audit

Age 42, Female, Malaysian

• 5 January 2015

NIL

NII

Azwin does not hold any shares in the Company as at 31 December 2019.

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

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

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NORAISHAH BINTI MOHD RADZI

Head, Legal & Compliance

Age 47, Female, Malaysian



Date of Appointment to Present Position:

• 14 February 2017

Present Directorship in Listed Issuers:

NIL

Present Directorship in Public Companies:

NIL

Shares Held:

 Noraishah does not hold any shares in the Company as at 31 December 2019.

Qualification

- Bachelor of Laws (Hons), International Islamic University
- Masters of Comparative Laws, International Islamic University
- Admitted as Advocates & Solicitor, High Court of Malaya

Working Experience

- Noraishah Mohd Radzi started her career as a practising lawyer and later served in several companies within DRB-HICOM Berhad ("DRB"), exposing her to various corporate and operations functional roles, mainly in legal, corporate affairs, human resources management and procurements.
- Prior to joining Gas Malaysia, she was the Head of Group Legal, DRB. With more than 16 years tenure in DRB, it has exposed her to various legal aspects such as corporate exercises, merger and acquisition including banking and fund raising exercises, land matters, joint ventures, commercial, technical and operational agreements, construction, disputes and litigations, for which she provided advice on various legal matters.
- Prior to this, she assumed the role of Head of Corporate Affairs for DRB subsidiaries, having purview on procurement, human resource and legal functions.

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AZLAN BIN MOHD KORD

Head, Regulatory Economics & Industry Development

Age 38, Male, Malaysian

Date of Appointment to Present Position

• 1 September 2019

Present Directorship in Listed Issuers: Present Directorship in Public Companies:

Shares Held:

 Azlan does not hold any shares in the Company as at 31 December 2019.

Qualification

 Azlan holds a Master of Science in Finance from International Islamic University Malaysia, as well as a Bachelor of Engineering degree in Electronic and Electrical Engineering from University College London, UK.

Working Experience

- Azlan began his career with Tenaga Nasional Berhad ("TNB") in the Distribution division, serving as Operations and Maintenance engineer and later as Planning engineer in the Seremban district.
- After four years, he decided to complement his technical experience by joining TNB's Planning division. During his six-year stint in Planning, he held positions in Commercial Operation, Single Buyer and Tariff Design.
- While with TNB, Azlan played key roles in managing power purchase agreements' issues, cross-border interconnection negotiations, project finance analyses, and formulating tariff inputs under the Incentive-Based Regulation ("IBR") framework. He was also active in training of both technical and commercial subject matters, as well as serving various leading roles in TNB's quality management program, from auditing to developing its in-house curriculum.
- As head of the Regulatory Economics & Industry Development Department, he ensures the economics of IBR are strategically operationalised by Gas Malaysia's regulated business and leads the Company's positions in adapting to the continuously evolving regulatory environment such as the Third-Party Access.

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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.
- 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (THE "BOARD")

ı. **RESPONSIBILITIES**

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

THE BOARD ACKNOWLEDGES THE IMPORTANCE OF CORPORATE GOVERNANCE PRACTICE IN ENHANCING

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

SHAREHOLDERS' VALUE BY IMPLEMENTING AND MAINTAINING HIGH STANDARDS OF CORPORATE

GOVERNANCE PRINCIPLES AT ALL LEVELS WITHIN THE GROUP WHILST ENSURING THE LONG-TERM

Reviewing and adopting strategic plans for the Group;

SUSTAINABILITY OF THE GROUP'S BUSINESSES AND OPERATIONS.

- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed;
- Identifying principal risks and ensuring the implementation of appropriate control systems to manage these risks with the assistance from Risk & Compliance Committee ("RCC");
- Succession planning through annual evaluation on Senior Management by its Nomination & Remuneration Committee ("NRC");
- Developing and implementing an investor relations program or shareholders' communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;

- Ensuring that the Company's and the Group's financial statements are true and fair and conform with the
 accounting standards and statutory requirements;
- Monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour.

The day-to-day management of the Group is delegated to the Chief Executive Officer ("CEO") within the prescribed limits of authority as approved by the Board. This formal structure of delegation is further cascaded by the CEO to the Senior Management team within the Group. The CEO and the Senior Management team are accountable to the Board for the authority that is delegated and for the performance of the Group.

Board Charter

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and Board Committees. Our Charter has been reviewed to encompass changes made to the Companies Act 2016 ("CA 2016"), Main Market Listing Requirements ("MMLR") and Principles under MCCG 2017. The Board Charter is made available on Gas Malaysia's website at www.gasmalaysia.com.

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II. BOARD COMPOSITION

Composition of the Board

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

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

Directors' Training

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

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

Director Training/Seminar/Conference Attended 1 22 - 23 October 2019 MIA International Accountants Conference 2019 Datuk Haji Hasni bin Harun 21 August 2019 Ш Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony 25 March 2019 Annual National Procurement and Integrity Forum 2019 **Datuk Puteh Rukiah binti** Abd. Majid 27 June 2019 Independent Directors Programme: "The Essence of Independence" 28 June 2019 Comprehending Financial Statements for Directors and Senior Management 5 August 2019 Digital Upskilling for Boards 21 August 2109 Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony 9 October 2019 Case Study Workshop for Independent Directors 17 December 2019 Audit Committee Seminar for Public and Private Sector 2019 18 April 2019 Case Study Workshop for Independent Directors Datuk Syed Abu Bakar bin S Mohsin Almohdzar 21 August 2019 Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony 11 - 14 November 2019 WIEF Young Fellows 2019 - Embracing the Future of Smart Tourism 2 December 2019 Future-Fluent: How Board Can Master the Language of the Future ٧ 16 December 2019 #iEmPOWER Workshop

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Director Training/Seminar/Conference Attended 4 1 15 April 2019 Audit Committee Conference 2019 Tan Lye Chong Ш 25 June 2019 MFRS Conference 2019 - Applications in Your Practice Ш 27 June 2019 Independent Directors Programme: "The Essence of Independence" IV 21 August 2019 Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony 8 October 2019 A Technical Brief on Accounting for Derivatives and Hedging Activities 29 October 2019 Budget 2020 : Key Updates and Changes for Corporate Accountants VII 8 November 2019 Audit Oversight Board Conversation with Audit Committees 5 1 21 August 2019 Directors Training on Corporate Liability: Malaysian Anti-Corruption **Datuk Ooi Teik Huat** Commission (Amendment) Act 2018 New Section 17A & Guidelines on Adequate Procedures Ш 17 October 2019 **Board Offsite** - Global Power Outlook and Energy Transition in Malaysia - Malaysia Power Sector Outlook and MESI 2.0 **22 November 2019** Audit Oversight Board Annual Inspection Report 2018: Findings and Insights 26 - 27 June 2019 Mandatory Accreditation Programme (MAP) Nobuhisa Kobayashi Ш 21 August 2019 Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony 1 19 - 20 March 2019 Invest Malaysia 2019 - The Capital Market Forum Dato' Sri Che Khalib bin **Mohamad Noh** Exclusive Program on stage with Chief Commissioner - MACC

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21 August 2019

Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruptions - Free Pledging & Signing Ceremony

Director

Training/Seminar/Conference Attended

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Dato' Sri Che Khalib bin Mohamad Noh (cont'd.)

13 September 2019

Moderator for IKMAL Presidential Lecture by Tun Daim Zainuddin - "Malaysia's Maritime Industry - What Lies in the Future"

1 October 2019

Networking Dinner - The Cooler Earth Sustainability Summit

7 - 8 October 2019

Khazanah Megatrends Forum 2019 - From the Past to the Future - Building Our Collective Brain

17 October 2019

Board Offsite

- Global Power Outlook and Energy Transition in Malaysia
- Malaysia Power Sector Outlook and MESI 2.0
- 22 23 October 2019

MIA Conference 2019: Trust and Sustainability in a Digital Economy

Kamalbahrin bin Ahmad

27 March 2019

Marketing Fast Forward Conference 2019

1 April 2019

PETRONAS Board Excellence: Advance 1 Programme

23 - 25 June 2019

20th Asia Oil & Gas Conference (AOGC) 2019

26 June 2019

MAA's Malaysian Gas Symposium - MyGAS 2019

8 July 2019

PETRONAS Board Excellence Programme : Advanced 2 - Effective Strategy for Stakeholders Management

10 July 2019

"Challenges Toward Grand Energy Transition" and "Innovations on Renewables & Hydrogen" by Sam Muraki

9 - 11 October 2019

International Greentech & Eco Products Exhibition Conference Malaysia 2019

29 - 30 October 2019

Asia Petroleum Geoscience Conference & Exhibition (APACE) 2019

4 November 2019

Top Leader Engagement Session with Puan Latheefa Koya, Chief Commissioner of the MACC: "Progressing Towards PETRONAS' Culture of Integrity"

Tenure of Independent Directors

As of the date of this Annual Report, none of the Independent Directors of the Company has reached or exceeded a cumulative term of nine years. However, three of the following Independent Directors will exceed their cumulative term of nine years in August 2020:

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

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

The Board proposed that the abovementioned Independent Directors, be recommended for retention as Independent Directors at the forthcoming AGM 2020.

The Board Charter has a policy limiting the tenure of Independent Directors to nine years. The policy allows exceptions, subject to the assessment of the NRC and on an annual basis subject to shareholders' approval.

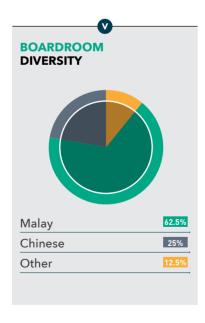
Boardroom Diversity

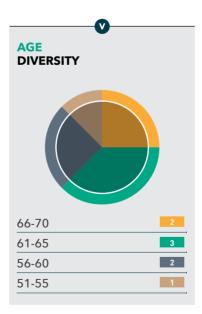
The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and acknowledges the importance of boardroom diversity in terms of age, gender, nationality and ethnicity. The Board also believes that the appointments of the existing Directors were guided by their 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 57 to 65.

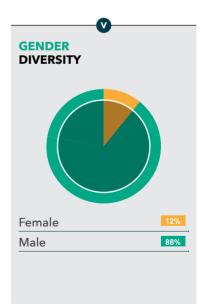
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The Company's boardroom diversity is illustrated below:







The number of Board and Committee Meetings held in FY2019 and the attendance of each member of the Board at the respective Board and Committee meetings are as follows:

		Meeting Attendance				
Name	Designation	Board of Directors	Nomination & Remuneration Committee	Audit Committee	Risk & Compliance Committee	Gas Procurement & Tariff Setting Committee
Datuk Haji Hasni bin Harun	Chairman of Board of Directors, Chairman of NRC, Independent, Non-Executive	7/7	2/2	-	-	1/1
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive	7/7	2/2	5/5	-	-
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive	7/7	2/2	-	2/2	-
Tan Lye Chong	Chairman of AC, Independent, Non-Executive	7/7	-	5/5	-	1/1
Datuk Ooi Teik Huat	Independent, Non-Executive	6/7	-	5/5	-	-
Shigeru Muraki (resigned w.e.f. 1 April 2019)	Chairman of RCC, Non-Independent, Non-Executive	3/3	-	-	1/1	-
Nobuhisa Kobayashi (appointed w.e.f. 1 April 2019)	Chairman of RCC, Non-Independent, Non-Executive	4/4	-	-	1/1	1/1
Dato' Sri Che Khalib bin Mohamad Noh	Non-Independent, Non-Executive	7/7	-	-	-	1/1
Kamalbahrin bin Ahmad	Non-Independent, Non-Executive	7/7	-	-	2/2	-
Sharifah Sofia binti Syed Mokhtar Shah (Resigned w.e.f. 30 November 2019)	Non-Independent, Non-Executive	6/7	-	-	-	-

Code of Conduct and Ethics

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

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

Whistleblowing Policy

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

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

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

Company Secretary

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

Board Committees

The Board has delegated some of its responsibilities to the respective Board Committees namely, the Audit Committee ("AC"), Nomination & Remuneration Committee, Risk & Compliance Committee and Gas Procurement & Tariff Setting Committee, all of which have their own terms of reference to govern their respective scopes and responsibilities.

These Board Committees assist the Board in making informed decisions through in-depth discussions on issues pertaining to the respective Committees' Terms of Reference. Subsequently, the Committees report the deliberations to the Board and the ultimate responsibility for the final decision on all matters lies with the Board.

Based on the annual assessment conducted on the Board and its Committees for the financial year under review, the Board unanimously resolved that each of its committees has effectively discharged its duties and functions as guided by its respective Terms of Reference.

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.

Nomination & Remuneration Committee ("NRC")

The NRC comprises of:

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

The NRC's key roles, among others are:

- To consider and recommend to the Board suitable persons for appointment as Board Members and CEO/Executive Director of the Company, its Committees and its Subsidiaries;
- To annually review the performance of the Board Members, its Committees and Boards of Subsidiaries;
- To annually assess the size and effectiveness of the Board as a whole, its Committees, the contribution of each individual Director, including Independent Non-Executive Directors, as well as the CEO;
- 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.

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- Reviewed and assessed the size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and each individual Director:
- Assessed the performance of the Board and independence of each of the existing Independent Directors;
- Reviewed and recommended to the Board on matters regarding Key Performance Indicators of CEO for the financial year under review;
- Recommended to the Board regarding annual increment and performance bonus for employees;
- Reviewed and recommended to the Board the compensation package on appointment of Director of Technical & Operations; and
- Reviewed and recommended to the Board the appointment of Head of Company for Subsidiaries.

The Board will evaluate the need to engage independent experts to perform a periodic independent assessment of the Board.

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.

The assessment is conducted through questionnaires circulated to the Board covering various aspects pertaining to Board effectiveness such as Board composition and structure, principal responsibilities of the Board, Board process, Board governance and CEO performance and succession planning.

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 assessment, the NRC will consider and recommend measures to upgrade the effectiveness of the Board and its Committees. All assessments and evaluations carried out by the NRC in the discharge of all its function are properly documented.

Based on the assessment 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. It comprises of eight members all of whom are Non-Executive Directors, and five are Independent Directors. The Independent Directors make up more than half of the Board composition;
- 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 Board understands its role and responsibilities and committed in discharging its fiduciary duties; 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, the Board is satisfied of its existing number and composition and of the view that, with the current mix of skills, knowledge, experience and strength, the Board as a whole is able to discharge its duties effectively.



Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiaries respectively for the financial year ended 31 December 2019 are as follows:

Name of Director	Directors' Fees (In RM'000)	Other Allowances [Note (a)] (In RM'000)	Total (In RM'000)
Datuk Haji Hasni bin Harun	300	101.5	401.5
Datuk Puteh Rukiah binti Abd. Majid	78	108	186
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	78	100.5	178.5
Tan Lye Chong	78	116	194
Datuk Ooi Teik Huat	78	79.5	157.5
Nobuhisa Kobayashi (appointed on 1 April 2019)	58.5	80.7	139.2
Shigeru Muraki (resigned w.e.f. 1 April 2019)	19.5	47.8	67.3
Dato' Sri Che Khalib bin Mohamad Noh	78 (Note b)	50.5 (Note c)	128.5
Kamalbahrin bin Ahmad	78	74.5	152.5
Sharifah Sofia binti Syed Mokhtar Shah (resigned w.e.f. 30 November 2019)	71.5	42.8	114.3
TOTAL	917.5	801.8	1,719.3

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Notes:

- (a) Other allowances comprise the meeting allowances, committee allowance, telephone allowance, annual token and annual leave passage.
- (b) Dato' Sri Che Khalib bin Mohamad Noh received half of the Directors' Fees, another half amounting to RM39,000 was paid to MMC Corporation Berhad.
- (c) Dato' Sri Che Khalib bin Mohamad Noh received half of the meeting allowance and committee allowance, another half amounting to RM11,250 was paid to MMC Corporation Berhad.

Remuneration of Top Five Senior Management

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

		Total Remuneration Range In Year 2019 (In RM'000)				
Name of Senior Management	Designation	550 - 600	700 - 750	900 - 950	1,500 - 2,000	2,000 - 2,500
Ahmad Hashimi bin Abdul Manap	Chief Executive Officer					~
Shahrir bin Shariff	Director of Commercial				~	
Mohd Nisharuddin bin Mohd Noor	Director of Technical & Operations			~		
Raja Iskandar bin Raja Mukhtaruddin	General Manager, Human Resource & Administration		~			
Zafian bin Supiat	Chief Financial Officer	~				

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC's key roles are:

- To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("the Group") management of business, financial risk processes, accounting and financial reporting practices;
- To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
- To review related party transactions and recurrent related party transactions to ensure the transactions are carried out on arm-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 to ensure their independence from Management; and
- To evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.



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		

Details of AC activities are reported in Audit Committee Report on pages 106 to 111.

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 controls enforced in managing and mitigating those risks and ensuring those controls are adequate and effective by challenging management actions and control activities.

Risk & Compliance Committee

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.

The RCC comprises:

Name of Director	Designation		
Nobuhisa Kobayashi (appointed on 1 April 2019)	Non-Independent, Non-Executive (Chairman)		
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive		
Kamalbahrin bin Ahmad	Non-Independent, Non-Executive		

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 98 to 104.



PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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I. COMMUNICATION WITH STAKEHOLDERS

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa 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.

In 2019, a number of events were held to maintain an open communication with the stakeholders. The summary of our engagements are as follows:



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 Annual General Meeting ("AGM") by issuing the notice for AGM at least 28 days before the meeting.

Notice for the 28th AGM held on 16 May 2019 was sent to shareholders on 17 April 2019. The notice includes details of the resolutions to be tabled and detailed explanations on the resolutions. Details of the resolutions proposed along with background information and reports or recommendations that are relevant were also provided with the notice for AGM.

During the AGM, shareholders were given opportunity to engage with the board members and Senior Management. All resolutions were passed by the shareholders through e-voting system.

Key Focus Areas and Future Priorities

With the release of the MCCG 2017 in April 2017, the key focus during the year was to comprehend and understand the Principles and Practices introduced for the subsequent application and disclosure in the annual report for the financial year ended 31 December 2019. The Company has applied and adopted all the Practices under MCCG 2017, with the exceptions of Practices that are listed in the table below. Nevertheless, the Board endeavours to achieve full application and adoption in the future.



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

Principal	Practice	Gap Summary
A - Board Leadership and Effectiveness	Practice 4.5 The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those	The percentage of women on the Board is 12.5%, lower than the 30% as prescribed in this Practice. With the resignation of Cik Sharifah Sofia binti Syed Mokhtar Shah on 30 November 2019, the Board currently has one female Director.
	targets. For Large Companies, the board must have at least 30% women directors.	The Board has yet to set a formal policy formalising its approach to boardroom diversity.
	ov/o women directors.	The Board is supportive of the gender diversity in the boardroom as recommended by MCCG 2017. The Board endeavours to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board.
		The Board shall source for more female candidates with suitable skills, experience, and qualifications to the Board.
		The Company will establish a policy on diversity and equal opportunity, and this policy will be disclosed in the future.

Principal	Practice	Gap Summary
in Corporate Large C Reporting and encouraged Meaningful reporting b	Practice 11.2 Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework.	The Board acknowledges that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document.
		Nevertheless, there are coordinated efforts among cross- functional departments in preparing the various statements and reports in the Annual Report.
		The Board believes that the current reporting structure and depth of disclosures in the Annual Report is sufficient to enable stakeholders to make informed decision.
		The Board will look into integrated reporting based on a globally recognised framework in the future.
in Corporate Reporting and Meaningful Relationship with Stakeholders Listed com number of which have locations technology includin and remote particip	technology to facilitate - • including voting in absentia;	Although the Company is not able to immediately comply with the recommended approach under Practice 12.3, the Board has taken the necessary steps to enable shareholders to participate, engage the Board and Gas Malaysia's Management effectively and make informed voting decisions at General Meetings by organizing shareholders' meetings in Kuala Lumpur/Selangor to facilitate the opportunity for shareholders to attend.
	participation at General Meetings.	To encourage shareholders participation, those shareholders who are unable to attend the General Meetings could appoint a proxy to represent and exercise their votes.
		All resolutions put to General Meetings have been voted by e-polling to be in line with Paragraph 8.29A of the MMLR. The e-polling at the AGM is facilitated by Boardroom e-Voting system.

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

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

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 3 April 2020.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

GAS MALAYSIA BERHAD AND ITS GROUP OF COMPANIES ("GROUP") ARE OPERATING IN A DYNAMIC AND CHALLENGING CORPORATE ENVIRONMENT. ACKNOWLEDGING THIS, THE BOARD OF DIRECTORS ("BOARD") UPHOLDS ITS RESPONSIBILITY OF ENSURING EFFECTIVE AND EFFICIENT ADMINISTRATION OF RISK AND COMPLIANCE MANAGEMENT, AND INTERNAL CONTROL SYSTEMS THROUGHOUT THE GROUP, VIA ADMINISTERING PERTINENT POLICIES AND PROCEDURES. CONSTANT MONITORING OF RISKS AND INTERNAL CONTROLS BY THE BOARD AND MANAGEMENT WILL ENSURE ADHERENCE TO AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS. IT SHALL ALSO ENSURE THAT VARIOUS ASSETS AND INVESTMENTS OF THE GROUP, AS WELL AS INTERESTS OF OTHER STAKEHOLDERS, ARE SAFEGUARDED.

The Risk & Compliance Management Committee ("RCMC") in its meeting on 8 January 2020 had reviewed and accepted the business risk presented by a subsidiary company, Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"), and jointly controlled companies, Gas Malaysia Energy Advance Sdn Bhd ("GMEA") and Gas Malaysia Synergy Drive Sdn Bhd ("GMSD"). The Management will continuously monitor the Group's subsidiary and joint venture companies' risks and will present to the Risk & Compliance Committee ("RCC") during its half-yearly meetings.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DESCRIPTION

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

- a) Provide a policy and organizational 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.

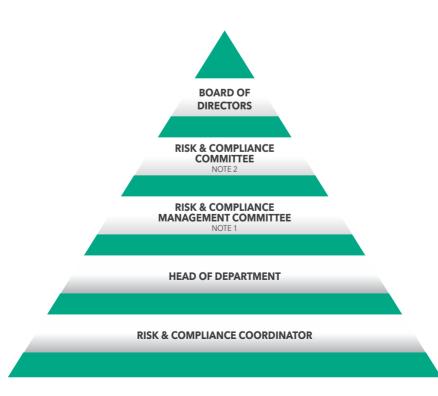
For efficiency, the Management formulated continual processes for identifying, evaluating and managing any major risks faced by the Group. The Management remains vigilant of any situations which may affect the well-being of the Group, its employees, assets, profits as well as stakeholders.

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2) REPORTING STRUCTURE

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



Note 1:

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

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

The responsibilities and duties of RCMC are as follows:

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

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

Note 2:

RISK AND COMPLIANCE COMMITTEE

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

The RCC consists of at least three (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.

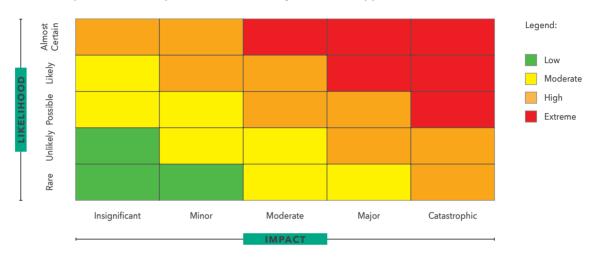
The RCC presents its reports to the Board twice (2) a year. This allows the Board to keep abreast and updated on the major risks within the Group. At the same time, they will be able to ensure that timely actions are taken by the Management to alleviate the risks.



3) RISK IDENTIFICATION PROCESS AND ANALYSIS

Risk identification starts with the coordinators in each department. The appointed personnel 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 their respective HODs and heads of companies. Risks that are categorised as major will be forwarded to the RCMC for its deliberation.

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4) GAS MALAYSIA RISK REGISTER ("GRR")

All risks previously detected 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. Via systematic management, BCMM strives to handle those impacts so that the business recovery can be accelerated.

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

a) Emergency Response Plan ("ERP")

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

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

b) Computer Disaster Recovery Centre ("CDRC")

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

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

The HSEQ Policy outlines the strong commitment of the Group towards the 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 both 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 ("SOP") are regularly updated parallel with the latest developments in the Group to guarantee that it will be relevant at all times. The SOP 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 HODs and heads of companies to discuss any recent major issues affecting the Group. These meetings allow quality decisions to be made and at the same time, promoting teamwork in problem-solving.

3) 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.

4) 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.

5) 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 in regard to 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. The findings will be tabled to the Management during the monthly
 Management Committee meeting. This is to be 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 done on an on-going basis to ensure that all probable impact of the identified risks can be mitigated timely.

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RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The regular assessment by the Board to ensure effective risk management and internal control systems of the Group is done via 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 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



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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 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 ("Statement") has been prepared in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance ("MCCG") 2017. This Statement is made in accordance with a resolution of the Board of Directors dated 24 April 2020.

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. 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 2019, and of the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2019.

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.

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This Statement is made in accordance with the resolution of Board of Directors dated 24 April 2020.

AUDIT COMMITTEE REPORT

THE AUDIT COMMITTEE ("AC") PROVIDES CRITICAL OVERSIGHT OF THE GROUP FINANCIAL REPORTING PROCESS, MONITORING THE EXTERNAL AND INTERNAL AUDITING PROCESSES, COMPLIANCE WITH RELEVANT LEGAL AND STATUTORY MATTERS AND OTHER MATTERS DELEGATED BY THE BOARD TO THE AC THROUGH ITS APPROVED TERMS OF REFERENCE ("TOR"). THE TOR OF THE AC ARE ACCESSIBLE TO THE PUBLIC FOR REFERENCE ON GAS MALAYSIA'S WEBSITE.

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2019.



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MEMBERSHIP AND MEETINGS

The AC comprises three (3) Independent Directors as at 31 December 2019, all of whom are Non-Executive Directors. The Chairman of AC is not the Chairman of Gas Malaysia's Board of Directors. This composition is aligned with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Details of AC members and their attendance record at AC meetings held during the financial year ended 31 December 2019 are as follows:

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

- During the financial year ended 31 December 2019, 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 Chief Executive Officer ("CEO"), Director of Commercial, 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 AC meeting.
- The Company Secretary acts as secretary to the AC. Minutes of each meeting are distributed to each AC and Board member. The Chairman of the AC reports key matters discussed at each AC meeting to the Board.

SUMMARY OF ACTIVITIES OF THE AC

During the financial year ended 31 December 2019, the AC discharged its functions and carried out its duties by undertaking the following work as provided below:

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 CEO 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 2019 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 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, it complies with applicable approved Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards ("IFRS") and MMLR.
- Reviewed the annual consolidated statutory financial statements of the Company prior to submission to the Board
 for its consideration and approval, upon being satisfied that, they were drawn up in accordance with the applicable
 approved MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The AC had reviewed the
 external auditors' report to the AC on their audit of the statutory financial statements and discussed the key audit
 matters included in the external auditors' report on the statutory financial statements, and was satisfied that all
 significant matters highlighted had been satisfactorily dealt with.
- Deliberated on changes or implementation of major accounting policies and compliance with accounting standards and other legal requirements.

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Annual Reporting

- The Corporate Governance Overview Statement, Audit Committee Report, Management Discussion & Analysis and Statement on Risk Management and Internal Control for the financial year ended 31 December 2019 for inclusion in the Company Annual Report 2019 were reviewed and recommended for Board approval by the AC on 17 March 2020. The AC had obtained assurance from the management that all the statements and reports have complied with MMLR.
- The Corporate Governance Report for financial year ended 31 December 2019 was reviewed and recommended for Board approval by the AC on 17 March 2020.

Related Party Transaction and Conflict of Interest

- Reviewed all the Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs") entered into by the Group in accordance with the Group's RPT Policies & Procedures to monitor, track and identify RPTs and RRPTs so as to ensure the transactions are at all times carried out on arms-length basis, on normal commercial terms, in the best interest of the Group and are not to the detriment of minority shareholders.
- Reviewed on a quarterly basis, the status update on RPTs and RRPTs, and to monitor that RRPTs transacted were within the approved shareholders' mandate obtained. The AC ensured that any conflict of interests in the deliberation of a transaction was appropriately declared in advance.

Internal Audit



- Reviewed and approved the Annual Internal Audit Plan including its scope, basis of assessments and risk ratings of the proposed areas of audit, and adequacy of internal audit's staffing.
- Reviewed and deliberated on the internal auditors' reports issued on the effectiveness and adequacy of governance, risk management and internal controls, audit recommendations and the Management responses towards the issues highlighted.
- Reviewed and deliberated on follow-up audits on the adequacy and effectiveness of agreed corrective actions undertaken and implemented by Management on prior year audit issues to ensure non-recurrence.
- AC was updated quarterly on internal audit activities carried out, status of audit assignments and corrective actions for reports issued earlier, as well as staffing status and other assignments performed during the quarter.
- AC reviewed internal audit's organisational independence declaration for financial year 2019, which was prepared
 in accordance with the Institute of Internal Auditors ("IIA") Standards 1110 (Organisational Independence) and 1130
 (Impairment to Independence or Objectivity). It was brought to the AC's attention that there had been no conflict of
 interest arising from internal audit's audit engagements in financial year 2019.
- Evaluated and discussed the effectiveness of the internal audit functions and recommended areas for improvement.
- Reviewed the external Quality Assurance Review ("QAR") on the internal audit function, as presented by the external
 consultant.
- Met with the internal auditors without the presence of the Management to ensure there was no restriction on the scope of work and to discuss any other matters that the internal auditors wish to escalate to the AC.

External Audit

- Reviewed the Audit Planning Memorandum with the external auditors to ensure that the audit is carried out effectively
 and efficiently for the Company and the Group.
- Reviewed the external auditors' reports on the statutory audit and the quarterly interim financial information and areas
 of concern and recommended solutions to address the concerns to ensure that all material issues were appropriately
 dealt with.
- Conducted an assessment on the external auditors, Messrs. PricewaterhouseCoopers PLT ("PwC"), for the financial
 year ended 31 December 2019. The assessment was based on independence and objectivity, effectiveness and
 timely completion of audit, communication skills, technical competencies, and adequacy of resources. On the basis
 of the assessment results, the AC had recommended to the Board to re-appoint Messrs. PwC for the ensuing financial
 year.
- Reviewed the External Auditors' fees prior to recommending it to the Board for approval.
- In relation to the auditors' remuneration for audit related fee and non-audit related fee of the Group for the financial year ended 31 December 2019, the amounts incurred for statutory audit was RM241,200, other audit related service was RM122,800 and non-audit related service was RM2,500. The other audit related service was in respect of review of the quarterly announcements and SORMIC. The AC had received confirmation from the external auditors that they were not aware of any non-audit related services that had compromised their independence as external auditors of the Group. The AC, based on its review, was satisfied that the other audit related and non-audit related services did not impair the independence and objectivity of the external auditors.
- Obtained written assurance from the external auditors that they were independent according to the By-Laws on Professional Independence of the MIA.
- Met 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 86
 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 2019, 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.

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INTERNAL AUDIT FUNCTION

- The internal audit function of the Group is carried out by the in-house Internal Audit Department ("IAD") and is supported by Ms Lucy Wong Kam Yang, the Chief Internal Auditor of MMC Corporation Berhad's Group Internal Audit Department. Ms Lucy Wong Kam Yang has a Master in Business Administration from Charles Sturt University, Australia, a fellow member and Chartered Global Management Accountant of the Chartered Institute of Management Accountants, a Chartered Accountant with the MIA and a chartered member of the Institute of Internal Auditors Malaysia. She is also a Certified Internal Auditor and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Inc, USA.
- The in-house IAD is headed by Ms Azwin Noh, who is a Fellow of the Association of Chartered Certified Accountants (FCCA) United Kingdom, holds a Master in Business Administration from University of Sunderland, United Kingdom and also a Bachelor of Accounting (Honours) from International Islamic University, Malaysia. She is also a Chartered Accountant with the MIA and a professional member of the Institute of Internal Auditors Malaysia.
- IAD's purpose, objectives, authority and responsibilities are spelt out in the Internal Audit Charter which is approved by the Board.
- IAD's mission is to enhance and protect the organisational value by providing risk-based and objective assurance, advice and insight. IAD helps the Group accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.
- 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 is guided by internal policies and procedures, as well as the Internal Control Framework of Committee of Sponsoring Organisation of the Treadway Commission ("COSO"), in assessing and reporting the adequacy and effectiveness of the design and implementation of the organisation's overall system of internal controls, risk management and governance.
- IAD also adopts the standards and principles outlined in the International Professional Practices Framework ("IPPF") of the IIA Global, 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.
- The Company is a corporate member of The Institute of Internal Auditors Malaysia.
- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent and adequately equipped in carrying out their duties and responsibilities.
- IAD is also responsible for the administration of the Group's Whistleblowing Policy which provides an avenue for employees and third parties dealing with the Group to disclose cases of improper conduct.
- There were five (5) staff in IAD during the financial year.
- 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 2019 in accordance with the terms of the relevant professional and regulatory requirements.
- The total cost incurred by IAD during the financial year ended 31 December 2019 is RM1,037,716.



SUMMARY OF ACTIVITIES BY INTERNAL AUDITORS

- IAD prepared its Annual Internal Audit Plan 2019 using a risk-based approach, taking into consideration the
 company's strategies, audit history against the core and support processes of the organisation, as well as inputs from
 the AC and the Management.
- A total of eight (8) planned internal audit assignments were conducted covering control environment, risk management and internal controls in the areas as follows:
 - ▲ management of operating system;
 - ▲ human resource planning & development;
 - ▲ gas supply management (residential & commercial customers);
 - ▲ management of investor relations;
 - ▲ management of accounting & finance;
 - tendering process;
 - related party transactions; and
 - management of stock take.
- Ten (10) follow-up audits were also performed to monitor and assess the closure of governance, risk management and control matters reported earlier, covering the areas as follows:
 - ▲ management of information system;
 - ▲ facilities administration;
 - management of Gas Malaysia Energy Advance Sdn Bhd;
 - ▲ legal & compliance;
 - risk management;
 - management of GST, billings & bank reconciliation;
 - internal control matters highlighted in Audit Committee Report by Messrs. PricewaterhouseCoopers PLT for the financial year ended 31 December 2018;
 - ▲ procurement & contracts;
 - operations & maintenance; and
 - ▲ scheduled wastes management.
- Internal Audit Reports 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.
- IAD also conducted a review of the Group's RPT Policies & Procedures so as to provide assurance to the AC that
 the Policies & Procedures conform to the requirements of Bursa Malaysia and operations adhered to the Policies &
 Procedures.
- IAD has a Quality Assurance and Improvement Program ("QAIP") and performed an internal quality assessment on the internal audit function to assess conformance to the IPPF and established quality assurance and improvement programs. The QAIP activities are monitored on a quarterly basis and reported to the AC.

The Audit Committee Report has been approved by the Board of Directors in accordance with their resolution dated 24 April 2020.

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ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year by the Company's auditors amounted to RM2,500.00.

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 subsidiary companies which involve Directors' and Major Shareholders' interests during the financial year ended 31 December 2019.

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")



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At the 28^{th} AGM held on 16 May 2019, 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 29^{th} 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 2019 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 2019	Nature of transactions
PETRONAS Dagangan Berhad ("PDB")	Gas Malaysia Retail Services Sdn Bhd (formerly known as Gas Malaysia (LPG) Sdn Bhd)	Interested Major Shareholders PETRONAS(a) PGB(b) Interested Directors Kamalbahrin bin Ahmad(c) Shariza Sharis binti Mohd Yusof(d) Interested Persons Connected None	RM11,115,824.38	Purchase of liquefied petroleum gas from PDB.

Our Leadership Way We Are Governed Sustainable Financials Other Information Gas Malaysia Berhad

Related Parties	Companies within our Group	Name of Interested Related Parties	Value of transactions for FYE 2019	Nature of transactions
PDB Gas Malaysia Interested Major Shareholders PETRONAS(a) PGB(b)		RM1,300.00	Lease of land from PDB by Gas Malaysia for placement of gas district station at Lot 12911, Jalan Haji Sirat, Taman Klang Utama, Klang	
		Interested Directors Kamalbahrin bin Ahmad ^(c) Shariza Sharis binti Mohd Yusof ^(d)		measuring 260 square feet.
		Interested Persons Connected None		
Petroliam Nasional Berhad ("PETRONAS")	Gas Malaysia	Interested Major Shareholders PETRONAS ^(a) PGB ^(b)	RM10,961,304.00	Tolling fees paid by PETRONAS to Gas Malaysia for the transportation of gas to PETRONAS' customers.
		Interested Directors Kamalbahrin bin Ahmad ^(c) Shariza Sharis binti Mohd Yusof ^(d)		
		Interested Persons Connected None		
PETRONAS Gas Berhad ("PGB")	Gas Malaysia	Interested Major Shareholders PETRONAS ^(a) PGB ^(b)	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
		Interested Directors Kamalbahrin bin Ahmad ^(c) Shariza Sharis binti Mohd Yusof ^(d)		from 50 square meters to 2,000 square meters.
		Interested Persons Connected None		

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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 Vice President, Gas & Power and Managing Director/Chief Executive Officer of PGB.
- (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.
- (9) 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%.
- Dato' Sri Che Khalib bin Mohamad Noh is a Director of Gas Malaysia and Group Managing Director of MMC and Chairman of Johor Port Berhad.
- (k) Datuk Ooi Teik Huat is a Director of Gas Malaysia, MMC and Johor Port Berhad.
- (i) Cik Sharifah Sofia binti Syed Mokhtar Shah is a former director of Gas Malaysia. She has resigned on 30 November 2019. She is the daughter of Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor, who in turn is a Major Shareholder of Gas Malaysia.
- (m) JPL is a wholly owned subsidiary of Johor Port Berhad, which in turn is a wholly owned subsidiary of Gas Malaysia's Major Shareholder, MMC.

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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 (9) outstanding Affected Stations;
- (b) Gas Malaysia is to disclose the efforts taken by them and status of compliance of the nine (9) outstanding Affected Stations in the annual report until such time the non-compliance is resolved; and
- (c) Maybank IB/Gas Malaysia is to update the SC when disclosure is made in the annual report.

Over the years, the Condition in respect of four (4) out of the nine (9) 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 Tampoi Industrial Estate, Johor Bahru: Terminated and dismantled on 12 December 2019 following the customer's decision to cease its operation.



(d) 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.



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

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

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Sustainable Development

1. WHAT'S INSIDE

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SUSTAINABILITY STATEMENT _____

1.



WHAT'S INSIDE

This Sustainability Statement ("Statement") elaborates on Gas Malaysia Berhad's ("Gas Malaysia" or "the Group") collective sustainability efforts based on the three key sustainability pillars.

The pillars are prescribed by Bursa Malaysia Securities Berhad Sustainability Reporting Guide ("Bursa Sustainability Guideline") and in compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Bursa Main Market Listing Requirements").

The three key pillars are:



ECONOMIC

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



ENVIRONMENT

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



SOCIAL

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

This Statement covers the Group's sustainability efforts undertaken for the financial year ended 31 December 2019. The Statement is to be read together with the other sections of Gas Malaysia Berhad's 2019 Annual Report, which highlight the financial and non-financial aspects of our business operations.





Sustainable Development

2.



SCOPE & BOUNDARY

The scope and boundary of this year's Statement has not changed from that of the previous year. It still covers quantitative and qualitative information for the year under review on the Group and its subsidiaries as well as joint venture companies, namely, Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"), Gas Malaysia Energy Advance Sdn Bhd ("GMEA"), Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG") and Gas Malaysia Synergy Drive Sdn Bhd ("GMSD").

However, this Statement does not include the Group's value chain, which consists of contractors, suppliers and vendors.



Reporting Period

1 January 2019 to 31 December 2019



Reporting Cycle

Annually



Principle Guidelines

- Bursa Sustainability Guideline
- Bursa Main Market Listing Requirements Note 9 Paragraph 6



DRIVING SUSTAINABILITY

The Group is committed to investing in measures that provide Gas Malaysia with sustainable growth and value creation opportunities whilst managing business risks. The Group is further committed to creating and advancing initiatives that will result in positive economic, environmental and social impact. Acknowledging the importance of pursuing sustainability practices within the business, the Group has established a governance structure to drive and manage these practices effectively.

Sustainability Reporting Committee ("SRC") was formed back in 2016 to deliberate on sustainability areas that impact our stakeholders. The SRC consists of Departmental Heads as well as Heads of subsidiaries and joint venture companies. The SRC reports to the Chief Executive Officer.

How this SRC identified and prioritised the most relevant material matters for our Group and stakeholders will be addressed in the following section.

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MATERIALITY MATTERS

Given our wide reach throughout Peninsular Malaysia, we are acutely conscious of the need for balance in our economic, environmental and social responsibilities. When identifying what is material to us, we take into consideration our stakeholders' perspectives and expectations, and align them with the Group's strategic vision.

In 2016, we conducted an external survey on 30 material areas in order to identify key material matters in time for our inaugural Statement. The survey was extended to six groups of stakeholders.

The survey results were filtered through and material matters sorted in order of priority. Ultimately eight key material matters were shown to have the greatest impact on the Group's operations and to create the greatest value both for the stakeholders and the Group.

The eight are:



Over the years, the list has been regularly reviewed based on updated views and feedback. Our assessment in 2019 demonstrated that the eight material matters identified in 2016 is still relevant. In the subsequent parts of this Statement, we explain our continued efforts in addressing the eight material matters.

Sustainable

Development







5.

ECONOMIC



In tandem with the Group's pursuit of long-term sustainable growth and value creation for the shareholders, Gas Malaysia strives to contribute to the Malaysian economy by meeting the nation's energy needs. This includes creating synergies across our business operations while spurring infrastructure development and fostering meaningful engagement with customers, employees and other stakeholders.

Meeting the Nation's Energy Needs

Advancing the Gas Industry through **Active Engagement**



The Group aims to be an innovative value-added energy solutions provider able to provide the cleanest, safest, cost-effective and reliable energy solutions to the nation.

Gas Malaysia has already made a significant contribution to the country's economic development. First, by building the natural gas distribution infrastructure across Peninsular Malaysia and providing innovative energy solutions. Second, by advancing the gas industry through active engagement with stakeholder groups.

2019

For the year under review, Gas Malaysia expanded the NGDS network by another 134 kilometres, bringing the total length of gas pipeline in operation to 2,468 kilometres. This is a significant improvement over the preceding year's expansion of only 91 kilometres.

The drive to complete all planned gas infrastructure development in a timely manner produced immediate benefits, enabling Gas Malaysia to further strengthen its position in the gas distribution industry and increase the number of industrial, commercial and residential customers we serve. In 2019, through our extended NGDS network we managed to supply to 36,170 customers, delivering a total of 201.20 million MMBtu of gas.

	2016	2017	2018	2019
NGDS (kilometre)	2,186	2,243	2,334	2,468
No. of Customers				
Industrial	819	853	888	933
Commercial	2,260	2,310	2,331	2,328
Residential	35,298	35,720	34,703	32,909
Total	38,377	38,883	37,922	36,170
Volume of Gas Sold (mil MMBtu) for NG & LPG	164.26	183.90	193.85	201.20



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In 2018, as part of our drive to promote the use of natural gas, the Group entered into a collaboration with the Ministry of International Trade and Industry ("MITI") and the State Government of Perak, to construct 140 kilometres of NGDS network in Kinta Valley, Perak Darul Ridzuan. This new NGDS network is expected to improve the investment prospects of the State of Perak and act as a catalyst for economic growth as well as create job opportunities.

Under this collaboration, by 2019 we managed to complete 117 kilometres of gas distribution pipeline. We are currently in the midst of constructing the remaining 23 kilometres of pipeline and anticipate this project will achieve completion in 2020. To date, about 40 prospective customers have been identified as users of the new NGDS network in Kinta Valley.



Sustainable Development

In line with our strategic gas supply driven model, we remain steadfast in expanding the NGDS network to reach underserved but economically viable areas. To this end, we have awarded new contracts for the construction of an additional 91.5 kilometres of NGDS network for existing and new industrial areas to meet potential demand for natural gas.

The Group persistently strives to ensure its commitment to reliable supply is never compromised at any cost. As a result, for the year under review, we have successfully maintained a supply reliability rate of 99%.







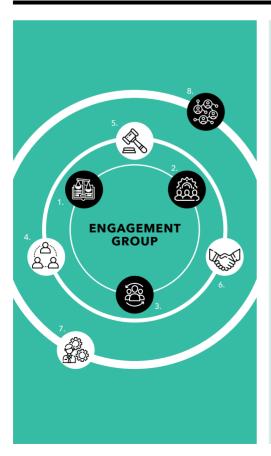
5 2 **Advancing the Gas Industry through Active Engagement**

At Gas Malaysia, we firmly believe that continuous engagement with our stakeholders and authorities is imperative for the Group to develop comprehensive sustainable business strategies.

To this end, we have actively engaged with a diverse group of industry-relevant stakeholders. Through meaningful engagements, we have been able to benefit from a wide range of expertise and knowledge which can help us manage potential opportunities and mitigate risks thus ensuring a sustainable rate of growth for the Group.

Focus areas include, but are not limited to, macro policy matters, tariff-related matters, technical requirements for pipeline construction and safety issues, customer experience, business performance and outlook as well as career development.

> REPORT 2019



TYPE OF ENGAGEMENT

REGULATORY BODIES & GOVERNMENT AGENCIES

Dialogue sessions, regular meetings, correspondences, on-site inspections and joint emergency response exercise

BOARD OF DIRECTORS

Meetings and correspondences

3. SHAREHOLDERS

Analyst meetings, quarterly briefings and visits, and annual general meeting

CUSTOMERS

Dialogue sessions, customer engagement visits, relationship building programmes and regular meetings

AUTHORITIES

Regular meetings and dialogue sessions

BUSINESS PARTNERS

Regular meetings and dialogue sessions

EMPLOYEES

Employee surveys, internal communications, engagement sessions, sports & recreational activities

LOCAL COMMUNITIES

Dialogue Sessions

6.

ENVIRONMENT



Catering for the needs of an ever growing population has depleted the world's natural resources. More and more companies are combatting this trend on a local and global scale, with more and more of them including environmentally responsible initiatives into their business strategies. Gas Malaysia is among these companies, being fully aware of the significant role that our business plays in environmental conservation.

Reducing the Nation's Global Warming Potential

Promoting Bio-diversity via Conservation of River Terrapin



GAS MALENTE A Member of A MMC Group

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The Malaysian government is also being very proactive in pushing the environmental agenda, particularly in the area of climate change. Back in 2018, it was reported that the Government, through Ministry of Energy, Science, Technology, Environment and Climate Change ("MESTECC") was looking at drafting a Climate Change Act in the near future to institutionalise climate change initiatives. In 2019, it was reported that MESTECC was working closely with a team from Britain to develop this

Climate Change Act, using the British equivalent as a model.

The Group continues to be supportive of the Government's efforts, particularly because natural gas in itself is classified as one of the cleanest burning fossil fuels and it contributes positively to the green energy initiative.

Sustainable

Development





Among the Group's many initiatives in support of the environment are:

INITIATIVES Promoting the use of natural gas to prospective customers; Extending the NGDS network in existing and to new areas; Supplying compressed natural gas to areas currently not served by the NGDS network via virtual pipelines; Empowering the Combined Heat and Power ("CHP") business to meet the energy requirements of industries; and Increasing the supply of compressed bio-methane as an alternative, more ecofriendly source of energy than fossil fuels.

In addition, our Health, Safety, Environment & Quality ("HSEQ") Policies dictate that we take reasonable and practicable steps to minimise the environmental impacts of our business activities.

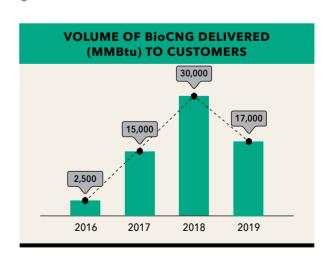
6.1 Reducing the Nation's Global Warming Potential

Natural gas is among the cleanest forms of fossil fuels, producing fewer pollutants and lower greenhouse gas emissions, thereby reducing the formation of smog in the air. In addition to encouraging the use of natural gas, which emits up to 50% less CO2 than coal, Gas Malaysia also promotes energy efficiency via the use of CHP system, which can boost operational efficiency by approximately 85% through simultaneous production of electricity and steam.

Striving to reduce negative impacts on the environment even further, we continue to explore other opportunities with the potential to create additional demand for natural gas. One example of this is our virtual pipeline initiative whereby both our wholly-owned subsidiary, GMVP, and joint venture company, SDGMBioCNG, undertake gas distribution via land transportation for customers that are currently not served by the NGDS network.

In detailing our efforts to address the issue of global warming, Gas Malaysia's joint venture company, SDGMBioCNG was incorporated to advance the implementation of waste-to-energy technology. The joint venture company is involved in the distribution of BioCNG, which has already gone through a biogas upgrading process. The process essentially entails the capture of biogas which consists of about 60% methane in a storage tank upon its release from palm oil mill effluent ("POME"). POME is a non-toxic, oily waste water generated by palm oil processing mills. It releases large quantities of methane, which, when released into the atmosphere, becomes 25 times* more hazardous than carbon dioxide in posing greenhouse effect.











6.2 Promoting Bio-diversity via Conservation of River Terrapin

Since 1999, Gas Malaysia has been supplying natural gas to industrial customers in Perak and, as of the end of 2019, we operated and maintained about 199 kilometres of NGDS network and served 59 industrial customers in that state alone.

As part of our efforts to promote bio-diversity, we collaborated with the Department of Wildlife and National Parks ("PERHILITAN"). Notably, we worked together to protect Perak's river terrapin, which has been classified as endangered species.

The initiative was conducted through a Corporate Social Responsibility ("CSR") programme at the River Terrapin Conservation Centre in Bota Kanan, Parit, Perak. Gas Malaysia donated an egg-hatching

incubator to the centre to help with population recovery efforts and eventually improve the success rate of hatching. Additionally, we donated several water pumps and filter machines to improve water clarity and remove suspended solids and other sediments at the breeding ponds.

As a result of our committed efforts, as well as the availability of the egg-hatching incubator, for the year under review, 144 eggs were successfully hatched from a total of 180 eggs incubated. This translated into a success rate of approximately 80%.

As for the water pumps and filter machines, they are still in good working condition and remain highly effective in their purpose.

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A Member of A MMC Group				

Year	Natur	al Soil	Using Incubator Machine		Total Hatchlings	Success Rate of Hatchlings
	Total Incubated	Total Hatchlings	Total Incubated	Total Hatchlings		
2016/2017	499	155	-	-	155	31%
2017/2018	-	-	230	187	187	81%
2018/2019	-	-	180	144	144	80%

Development







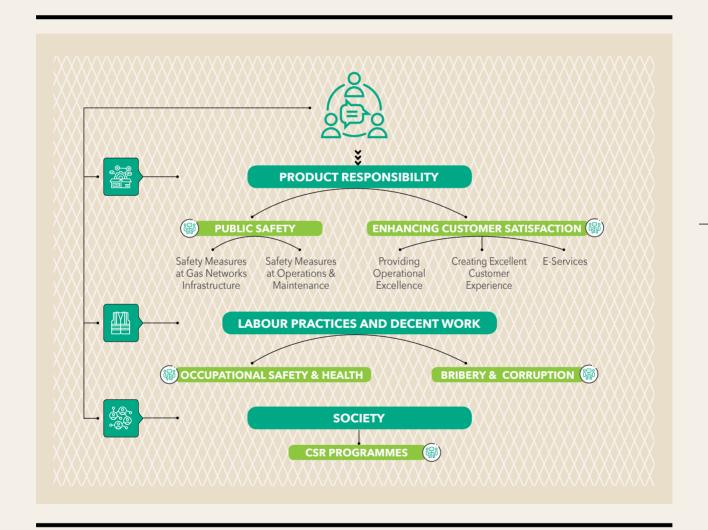
Gas Malaysia Berhad

7.





At Gas Malaysia, we constantly take proactive measures to bring a positive impact on people, from our valued employees, to relevant stakeholders, to the communities in which we operate. As a result of our committed efforts, we have made significant constructive impact on many lives over the past 27 years. This culture of caring will continue, as the Group keeps up its efforts in reaching out to enrich more lives throughout our sustainable journey.



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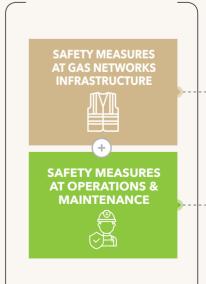
7.1 Product Responsibility

7.1.1



PUBLIC SAFETY

Public safety is of utmost importance to us and something that we will never compromise on under any circumstance. As part of our responsibility to the public, we implement comprehensive safety measures across our operations by upholding and practicing stringent policies and procedures to ensure safe and reliable delivery of natural gas to our customers. Further to this, we adhere to strict quality control and safety measures at all stages of our business; beginning from the planning and construction of our NGDS pipelines, right down to their operation and maintenance.



Sustainable

Development

7.1.1.1



Safety Measures at Gas **Networks Infrastructure**







considerations are embedded in everything we do. At the initial planning stage, strategic pipeline routes and locations of isolation valves are carefully selected with future infrastructure expansion in mind.

Subsequently, at the engineering stage design and material specifications are made in accordance with the Gas Supply Act 1993, Gas Supply Regulations 1997 (and their amendments) and internationally accepted codes and standards. This is vital, since materials are specified to withstand the operating pressure and other external loads, as well as be protected against corrosion and over-pressurisation.

At the construction stage, we appoint competent contractors to design, engineer, procure, construct and commission the gas pipelines. As we are mindful of safety measures, our steel pipes are sourced from manufacturers licensed by the American Petroleum Institute (API) to produce pipes according to verified specifications. On top of this, inspection of the steel pipes is then carried out by a third-party agency that provides us with further assurance that the steel pipes procured are of acceptable quality.

7.1.1.2



Safety Measures at **Operations & Maintenance**

REPORT

Our Operations & Maintenance team carries out daily systematic operations and maintenance of gas facilities with an aim to provide the safe, stable and continuous supply of gas. To ensure the gas facilities are well maintained, periodic preventive maintenance and systematic troubleshooting are performed, including gas station inspection, monitoring underground steel gas pipeline conditions via cathodic protection inspection, valve inspection, pipeline leakage survey, pipeline integrity inspection as well as odorant intensity level check.

Daily pipeline inspections are also carried out to detect abnormalities and monitor unauthorised third-party work within the vicinity of our gas facilities.

Additionally, all third party works within the vicinity of the gas facilities require permits and are supervised by our Operations & Maintenance team to prevent any damage to our gas facilities. There are also dedicated on-call emergency response teams on standby to physically respond to emergencies within 90 minutes of notification to minimise the risk to the public and limit the potential damage to property and the environment.

The year under review also saw the execution of a safety awareness seminar in Alor Setar, Kedah with local authorities, utility companies and contractors. The seminar aimed to increase awareness on the safety aspects of conducting work near our gas distribution system as well as sharing of information with regard to our gas facilities.

In addition, a joint emergency response drill was conducted in Ayer Keroh, Melaka, in collaboration with government agencies such as Jabatan Bomba dan Penyelamat Malaysia, Polis Diraja Malaysia and Jabatan Kesihatan Negeri Melaka. The aim of the drill was to gauge the effectiveness of the emergency response plan involving government agencies and Gas Malaysia when it came to handling gas related emergencies.

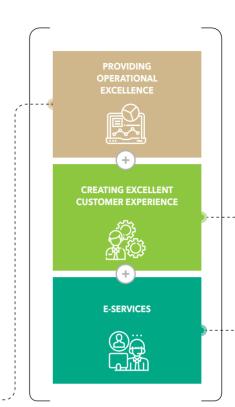
2019

7.1.2



ENHANCING CUSTOMER SATISFACTION

The sustainable growth of the Group depends largely on our ability to satisfy our customers. As such, we strive to offer products and services that meet their expectations and needs. We always attempt to understand our customers' demand trends, provide continuous consultation on our product and services, as well as keep abreast of new processes and technological developments in the gas industry to better meet their operational requirements and expectations.



7.1.2.1



Providing Operational Excellence



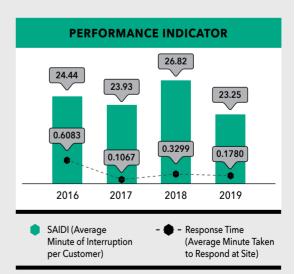
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Our Operations Control Centre ("OCC") serves as a focal point in handling any emergency calls. Operating around the clock from our headquarters in Shah Alam, the OCC is responsible for managing and providing appropriate response during emergencies, as well as attending to general enquiries. This includes gas facilities-related issues, providing daily gas information to customers as well as monitoring gas pressure.

In addition to our headquarters, we also have three regional offices and eight branch offices throughout the Peninsula. These allow us to respond quickly and efficiently in the event of a service disruption.

In 2019, we registered a lower System Average Interruption Duration Index ("SAIDI"). We achieved 0.1780 minutes of interruption per customer compared with the preceding year of 0.3299 minutes of interruption per customer. The lower SAIDI score illustrates an impressive improvement to the Group's service record. It is also worth highlighting that the SAIDI score registered is within our targeted benchmark of under 1.5 minutes of interruption per customer. SAIDI is commonly used by utilities companies around the world to measure supply reliability.

For the year under review, the average response time, in the event of such emergencies, was 23.25 minutes compared with the preceding year of 26.82 minutes. The response time depends on the distance from the incident site to the branch office. Nevertheless, since 2016 our score has always been far below our benchmark response time of 90 minutes.



The aforementioned operational initiatives further strengthened the trust and loyalty placed in Gas Malaysia brand by our loyal customers.

Sustainable Development

Gas Malaysia Berhad

7.1.2.2



Creating Excellent Customer Experience

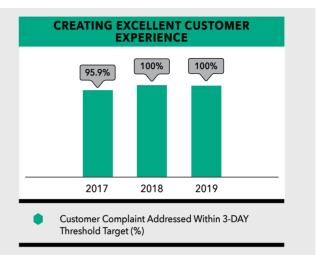






Our Customer Care Unit, which operates from Monday to Friday, 8.30am to 5.30pm, was established to provide our customers with assistance in resolving issues related to billing enquiries, account registration and service activation in a courteous and timely manner.

In 2019, our CCU team continued to improve its customer feedback services by successfully addressing all customer complaints within the three-day threshold target. This translated into a success rate of 100%.



7.1.2.3



E-Services

REPORT 2019

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As part of our efforts to prioritise and enhance customer convenience, we have introduced Gas Malaysia's E-Services portal. This is a secured web portal that allows both our industrial and large commercial customers to:

- View account details whilst maintaining the security of the information;
- View and print latest and historical billing information;
- Track daily and monthly gas consumption;
- View payment records;
- Receive latest service notification:
- Download relevant information; and
- Communicate with sales personnel for any enquiry.

Similarly, in the E-Services portal there is also a separate section to address the needs of our residential and retail customers.

As of 31 December 2019, about 98.55% of our industrial and large commercial customers had registered with our E-Services, marking a 0.76% improvement compared with the previous year of 97.79%. In 2018 we initiated efforts to improve the interface speed of the portal to make it easier for our end users. As of the year-end of 2019, this had been successfully resolved.

7.2.1



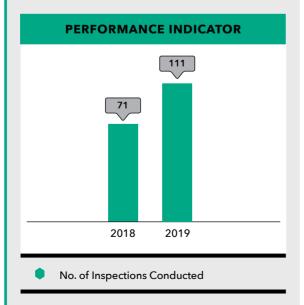
HEALTH, SAFETY & ENVIRONMENT (HSE)

Adhering to our HSEQ Policy, we are committed in conducting our business activities in a responsible manner to ensure the health and safety of our employees, business partners and the public are not compromised.

We continuously strive to prevent and eliminate the risk of occupational injury and illness to personnel as well as mitigate damage to the environment thereby allowing us to collectively enhance the quality of our services.

There are three key objectives under HSE. First, to maintain zero non-compliance with Occupational Safety & Health Act 1994, Environmental Quality Act 1974 and other related regulations. Second, to strive for zero loss workday, and third, to ensure effective implementation and continual improvement of HSEQ Management System (ISO 9001, ISO 14001 and ISO 45001).

In relation to the above mentioned key objectives, for the year under review, we conducted 111 inspections on our contractors working at our pipeline construction sites and fabrication yard.



7.2.2



BRIBERY & CORRUPTION

The Group is committed to maintaining the highest standards of integrity and professionalism in all business dealings. We firmly believe that ethical business practices are critical and crucial to the sustainability of our business.

As per the Code of Conduct and Discipline prescribed in our Employee Handbook, we strive towards practicing high standards of work ethics and professionalism including operating our business in a fair, ethical and legal manner. We entirely reject corruption of any form including bribery, and complying with the anti-corruption and governing laws.

To further strengthen our commitment, in 2019, the Board sanctioned for the Management to adopt the Corruption-Free Pledge initiative in an effort to ensure accountability and to hinder any form of corruption or misconduct. The observance of the Corruption-Free Pledge saw the involvement of all employees within the Group.

There was no incident of bribery and corruption reported in 2019.

The Whistleblowing Policy which was established in 2018, was implemented to provide employees and third parties who have dealing with the Group with proper internal procedures for disclosing cases of improper conduct. It also protects the whistle-blower from retribution as a consequence for making a disclosure.

There were no whistleblowing complaints reported due to improper conduct in 2019.







7.3 Society

We subscribe to the view that our corporate ambitions and corporate social responsibility are interdependent for our business to be sustainable.

As such, Gas Malaysia strives to improve the quality of life of the underprivileged through an agenda that cultivates better communities tomorrow.

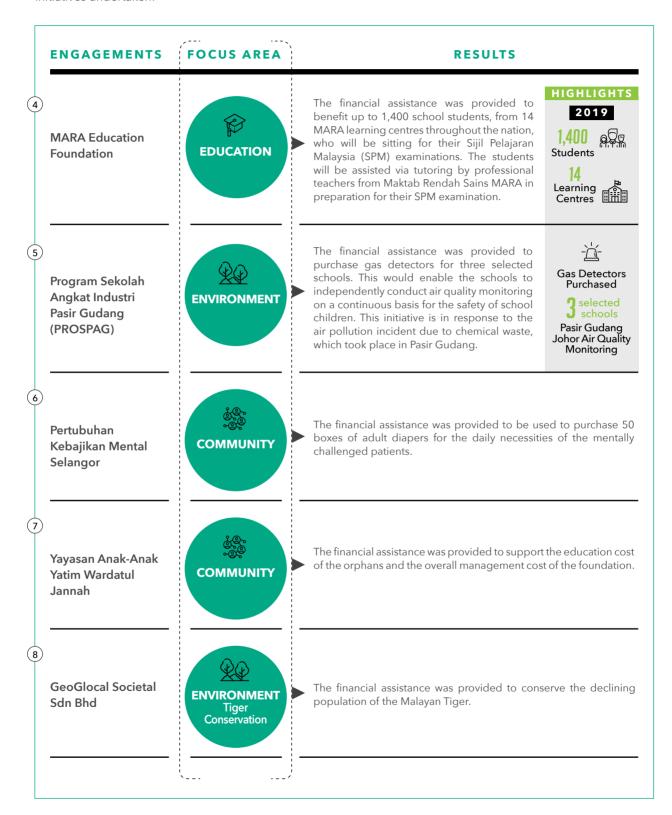
Listed below are our ongoing initiatives undertaken from the preceding year:



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2019 also saw the introduction of several new initiatives to further expand on our CSR efforts. Listed below are the initiatives undertaken:



Our Leadersh

Way We Ar Governed Sustainable Development Financia

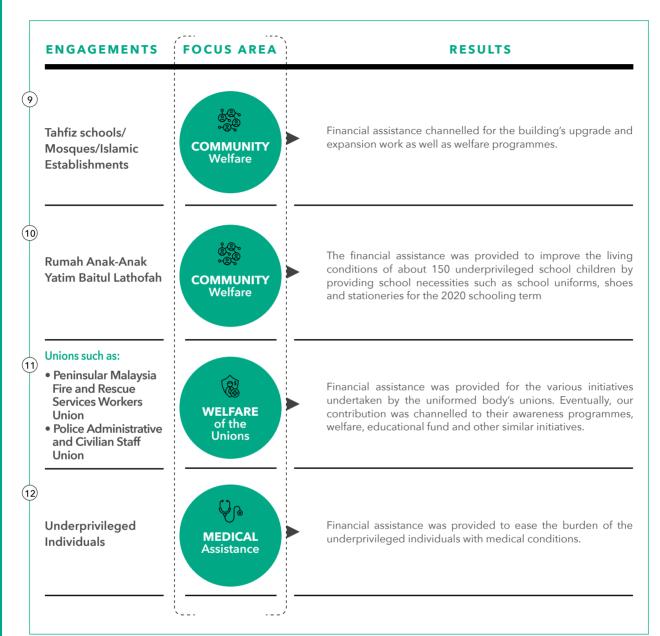
Other

Gas Malaysia Berhad









8. MOVING FORWARD

We hope this Statement has conveyed the importance of sustainability to the Group as well as provided a clear overview of the efforts we have made to advance the Group's sustainability initiatives. Rest assured, the Group is interested in making profit responsibly, as we emphasise growth and development achieved in a sustainable manner.

As we move forward, our approach towards sustainability will keep evolving, guided closely by our valued stakeholders. Though we acknowledge there is still much to be accomplished as a corporate entity, given our role as a total energy solutions provider; we hope to take our sustainability efforts to a higher level.

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Our Organisatio Leadership

Way We Ar

Sustainable Developmen

Financials

Other

— Gas Malaysia Berhad



FINANCIALS

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Notes to the Financial Statements

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DIRECTORS' REPORT ______

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 2019.

DIRECTORS

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

Datuk Haji Hasni bin Harun
Dato' Sri Che Khalib bin Mohamad Noh
Nobuhisa Kobayashi (Appointed on 1 April 2019)
(Alternate Tomoaki Yokoyama - Appointed on 1 April 2019)
Shigeru Muraki (Resigned on 1 April 2019)
(Alternate Tomoaki Yokoyama - Resigned on 1 April 2019)
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
Sharifah Sofia binti Syed Mokhtar Shah (Resigned on 30 Nove)



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Sharifah Sofia binti Syed Mokhtar Shah (Resigned on 30 November 2019)

In accordance with Clause 101 of the Company's constitution, Datuk Haji Hasni bin Harun, Dato' Sri Che Khalib bin Mohamad Noh and Datuk Puteh Rukiah binti Abd. Majid 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 Raja Iskandar bin Raja Mukhtaruddin Mohamad Farid bin Ghazali

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the sale and distribution of natural gas to the industrial, commercial and residential sectors as well as the construction and operation of the Natural Gas Distribution System in Peninsular Malaysia. The principal activities of the subsidiaries consist of the selling of liquefied petroleum gas ("LPG") via a reticulation system, selling and transportation of Compressed Natural Gas ("CNG") and property holding.

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	Company
	RM'000	RM'000
Net profit for the financial year	190,105	168,156

RESERVES AND PROVISIONS

ANNUAL REPORT 2019

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

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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 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a liability insurance for the Directors and Officers of the Group and of the Company throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group and of the Company. The amount of insurance premium paid for the financial year ended 31 December 2019 was RM24,000.

DIRECTORS' INTERESTS IN SHARES

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

Number of ordinary shares

	Balance at 01.01.2019	Acquired	Disposed	Balance at 31.12.2019
Director with direct interest in the Company				
Tan Lye Chong	50,000	0	0	50,000
Director of the subsidiaries with direct interest in the Company				
Ahmad Hashimi bin Abdul Manap	21,500	0	0	21,500
Mohd Nisharuddin bin Mohd Noor	15,000	0	0	15,000



DIVIDENDS

The dividends paid or declared by the Company since 31 December 2018 are as follows:

In respect of the financial year ended 31 December 2018, as reported in the Directors' Report for the previous financial year:

	RM'000
Second interim dividend paid on 28 March 2019: - 4.50 sen per ordinary share	57,780
Final dividend paid on 3 July 2019: - 4.50 sen per ordinary share	57,780
	115,560

DIVIDENDS (CONTINUED)

In respect of the financial year ended 31 December 2019:

	RM′000
First interim dividend paid on 30 October 2019: - 4.80 sen per ordinary share	61,632
Second interim dividend declared on 13 February 2020*: - 4.80 sen per ordinary share	61,632
	123,264

* The above second interim dividend declared subsequent to the financial year ended 31 December 2019 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2020.

On 7 April 2020, the Board of Directors has approved and declared a final dividend of 4.50 sen per ordinary share on the 1,284,000,000 ordinary shares, amounting to RM57,780,000 in respect of the financial year ended 31 December 2019. The final dividend will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2020.

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DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 9 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.

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DIRECTORS' REPORT ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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:
 - 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.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of the significant and subsequent events are set out in Notes 35 and 36 to the financial statements.



SUBSIDIARIES

(a) Details of subsidiaries

Details of subsidiaries are set out in Note 15 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 2019.
- (c) Subsidiaries' holding of shares in the holding company and other related corporations

None of the subsidiaries hold any shares in the holding company and other related corporations for the financial year ended 31 December 2019.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 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 24 April 2020. Signed on behalf of the Board of Directors:

DATUK HAJI HASNI BIN HARUN

CHAIRMAN

TAN LYE CHONG DIRECTOR ANNUAL REPORT

2019

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Shah Alam

STATEMENT BY DIRECTORS ______ PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016

We, Datuk Haji Hasni bin Harun and Tan Lye Chong, the Directors of Gas Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 152 to 233 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 2019 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 24 April 2020.

DATUK HAJI HASNI BIN HARUN

CHAIRMAN

TAN LYE CHONG

DIRECTOR

Shah Alam



STATUTORY DECLARATION _____ PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Zafian bin Supiat, the Officer primarily responsible for the financial management of Gas Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 152 to 233 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtues of the provisions of the Statutory Declarations Act, 1960.

ZAFIAN BIN SUPIAT

(MIA No. 46711)

Subscribed and solemnly declared by the abovenamed Zafian bin Supiat at Shah Alam, in the State of Selangor Darul Ehsan on 24 April 2020.

Before me:

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 2019, 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 of the Group and of the Company as at 31 December 2019, 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 152 to 233.

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' Code of Ethics for Professional Accountants ("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.

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TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)

(Incorporated in Malaysia)

Registration No. 199201008906 (240409-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

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

Key audit matters

How our audit addressed the key audit matters

Impact of Gas Cost Pass-Through ("GCPT") mechanism

A significant portion of the Group's and of the Company's revenue is regulated by tariffs imposed by the Regulator, the Energy Commission ("EC"). As explained in Note 3(aa)(iv) to the financial statements, the EC implemented the Incentive Based Regulation ("IBR") framework on 1 January 2017, whereby tariffs are revised every six months using the GCPT mechanism.

Effective from 1 January 2020, the IBR framework would be replaced with the Third Party Access ("TPA") regime, 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.

We focused on this area to obtain an understanding of the Group's and of the Company's rights and obligations under the IBR framework which was effective during the financial year and the TPA regime subsequent to the reporting date and the impact of these arrangements on the revenue recognition of the Group and of the Company during the financial year, and recovery of the outstanding balance at the reporting date.

We performed the following procedures:

- We obtained an understanding of the rights and obligations between the Group and the Company with the customers and the Government under the IBR framework and the application of GCPT mechanism by reading supporting documentations such as the relevant meetings' minutes, licensing conditions, and applicable legislation governing the IBR framework.
- Given the impending implementation of the TPA regime, we also obtained an understanding of the rights and obligations between the Group and the Company with the customers and Government under the TPA regime by reading the supporting documentations such as the relevant meetings' minutes, licensing conditions, and applicable legislation governing the TPA regime.

In addition, we have also discussed with the Group's senior management, external legal counsel, representatives from the EC and the Audit Committee members to ascertain the Group's and the Company's legal rights and obligations with the customers and the Government that establish the basis for the recognition of revenue.

- We tested the design and operating effectiveness of the relevant controls over revenue recognition, focusing on controls over price changes arising from tariff revisions.
- We obtained from management, the estimates on gas volume consumed, gas cost and the related contributions to be earned by the Group and agreed these to the submissions to the EC.
- We checked the gas cost variance between the estimates used in determining the tariffs and the actual gas cost incurred by the Group and by the Company and the related contributions.

Based on the above procedures performed, there were no material exceptions.



INDEPENDENT AUDITORS' REPORT ______ TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)

(Incorporated in Malaysia)
Registration No. 199201008906 (240409-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters

How our audit addressed the key audit matters

Accrual for gas costs

The Group and the Company recognised gas cost accrual of RM331.7 million as at 31 December 2019 as disclosed in Note 27 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.

Management's judgement used in determining the estimates is set out in Note 3(aa)(ii) to the financial statements.

We performed the following procedures:

- We tested the design and operating effectiveness of management's key controls on the comparison between the total customers' meter readings against the total natural gas supplied to determine the volume of gas supplied but had not been billed by the supplier as at the end of the reporting period.
- In addition, we tested management's steps to address 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' premise.
- We compared the data inputs used in deriving the market price by referencing these to the defined data inputs used by the formulae specified by the Gas Supply Agreement. The sources for these inputs were cross-checked to the Department of Statistics of Malaysia and Bank Negara Malaysia to assess the reasonableness of the data used by management to estimate the gas cost accrual.
- We performed back-testing on the estimates used by management in the prior year, and compared these to actual results.
- For billings that have been issued by the supplier and received by management subsequent to the reporting date, we traced these billings to the accrual recorded at the reporting date.

Based on the above 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 2019 annual report. Other information 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.

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INDEPENDENT AUDITORS' REPORT ____

TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)

(Incorporated in Malaysia)

Registration No. 199201008906 (240409-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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 on the other information that we obtained prior to the date of this auditors' report, 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.

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.

INDEPENDENT AUDITORS' REPORT. TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)

(Incorporated in Malaysia) Registration No. 199201008906 (240409-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (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.
- (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.
- 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.

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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, related safeguards.

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146 Chartered Accountants

HEW CHOOI YOKE

03203/07/2021 J Chartered Accountant

Kuala Lumpur 24 April 2020

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STATEMENTS OF COMPREHENSIVE INCOME _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		- Group		Company		
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	
Revenue	5	6,886,453	6,233,243	6,852,635	6,197,479	
Cost of sales	6	(6,595,159)	(5,940,538)	(6,568,430)	(5,911,442)	
Gross profit		291,294	292,705	284,205	286,037	
Administrative expenses	6	(60,005)	(58,220)	(55,899)	(53,542)	
Selling and distribution expenses	6	(1,288)	(1,273)	0	0	
Other operating income		2,046	1,542	2,088	2,461	
Profit from operations	7	232,047	234,754	230,394	234,956	
Finance costs	10	(15,366)	(12,310)	(14,475)	(11,609)	
Share of results in joint ventures		21,230	4,853	0	0	
Finance income		4,234	6,822	3,491	6,140	
Profit before zakat and taxation		242,145	234,119	219,410	229,487	
Zakat		(3,500)	(3,500)	(3,500)	(3,500)	
Tax expense	11	(48,540)	(50,227)	(47,754)	(49,052)	
Net profit for the financial year		190,105	180,392	168,156	176,935	
Other comprehensive income (net of Items that will be reclassified to profit of Share of other comprehensive incomof a joint venture - Cash flow hedge	or loss	6,458	234	0	0	
Total comprehensive income for the financial year		196,563	180,626	168,156	176,935	
Net profit attributable to: - Owners of the Parent		190,105	180,392	168,156	176,935	
Total comprehensive income attributable to: - Owners of the Parent		196,563	180,626	168,156	176,935	
Earnings per ordinary share attributable to the equity holders of the Company: - Basic and diluted earnings per share (RM)	12	0.15	0.14			

Group

Company



STATEMENTS OF FINANCIAL POSITION _____AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,361,431	1,313,169	1,345,851	1,297,082
Right-of-use assets	14	16,903	0	12,868	0
Investment in subsidiaries	15	0	0	20,005	20,005
Investment in joint ventures	16	67,308	36,120	33,000	33,000
Amounts due from subsidiaries	17	0	0	36,465	28,956
Other receivables	19	87,612	0	87,612	0
Prepaid lease payments	18	0	16,026	0	11,936
		1,533,254	1,365,315	1,535,801	1,390,979
CURRENT ASSETS					
Trade and other receivables	19	796,384	750,735	788,972	744,943
Investment funds with a					
licensed financial institution	20	123,281	171,750	112,763	170,470
Cash and cash equivalents	21	169,145	232,754	147,737	218,741
		1,088,810	1,155,239	1,049,472	1,134,154
Total assets		2,622,064	2,520,554	2,585,273	2,525,133
EQUITY AND LIABILITIES					
Share capital	22	642,000	642,000	642,000	642,000
Cash flow hedge reserve		4,414	(2,044)	0	0
Retained profits	23	396,641	384,176	381,683	391,167
Total equity		1,043,055	1,024,132	1,023,683	1,033,167
NON-CURRENT LIABILITIES					
Redeemable preference share	24	0*	0*	0*	0*
Deferred tax liabilities	25	163,535	157,322	163,131	156,871
Contract liabilities	26	11,911	15,205	11,911	15,205
Borrowings	28	181,000	181,000	181,000	181,000
Lease liabilities	29	1,778	0	1,778	0
		358,224	353,527	357,820	353,076

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^{*} Denotes RM0.50

STATEMENTS OF FINANCIAL POSITION _____

AS AT 31 DECEMBER 2019 (CONTINUED)

Group		Company		
Note	2019 RM′000	2018 RM′000	2019 RM'000	2018 RM'000
27	1,010,641	1,023,116	992,897	1,005,599
26	4,529	4,655	4,529	4,655
17	0	0	869	13,605
28	201,839	102,966	201,839	102,966
29	494	0	494	0
	3,282	12,158	3,142	12,065
	1,220,785	1,142,895	1,203,770	1,138,890
	1,579,009	1,496,422	1,561,590	1,491,966
	2,622,064	2,520,554	2,585,273	2,525,133
	27 26 17 28	Note 2019 RM'000 27 1,010,641 26 4,529 17 0 28 201,839 29 494 3,282 1,220,785 1,579,009	Note 2019 RM'000 2018 RM'000 27 1,010,641 1,023,116 26 4,529 4,655 17 0 0 28 201,839 102,966 29 494 0 3,282 12,158 1,220,785 1,142,895 1,579,009 1,496,422	Note 2019 RM'000 2018 RM'000 2019 RM'000 27 1,010,641 1,023,116 992,897 26 4,529 4,655 4,529 17 0 0 869 28 201,839 102,966 201,839 29 494 0 494 3,282 12,158 3,142 1,220,785 1,142,895 1,203,770 1,579,009 1,496,422 1,561,590



STATEMENTS OF CHANGES IN EQUITY ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital	Cash flow hedge reserve*	Retained profits	Total
		RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2019, as previously reported		642,000	(2,044)	384,176	1,024,132
Effects of adoption of MFRS 16	4	0	0	(448)	(448)
At 1 January 2019, as restated		642,000	(2,044)	383,728	1,023,684
Net profit for the financial year		0	0	190,105	190,105
Other comprehensive income for the financial year		0	6,458	0	6,458
Total comprehensive income for the financial year		0	6,458	190,105	196,563
Transactions with owners:					
Dividend: financial year ended 31 December 2019	30	0	0	(61,632)	(61,632)
Dividend: financial year ended					
31 December 2018	30	0	0	(115,560)	(115,560)
Total transactions with owners		0	0	(177,192)	(177,192)
At 31 December 2019		642,000	4,414	396,641	1,043,055

 $[\]hbox{^{\star} The cash flow hedge reserve is in respect of the Group's share of the cash flow hedge reserve of its joint venture.}\\$

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Gas Malaysia Berhad

STATEMENTS OF CHANGES IN EQUITY ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Share capital	Cash flow hedge reserve*	Retained profits	Total
		RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2018		642,000	(2,278)	377,124	1,016,846
Net profit for the financial year		0	0	180,392	180,392
Other comprehensive income for the financial year		0	234	0	234
Total comprehensive income for the financial year		0	234	180,392	180,626
Transactions with owners:					
Dividend: financial year ended 31 December 2018	30	0	0	(57,780)	(57,780)
Dividend: financial year ended 31 December 2017	30	0	0	(115,560)	(115,560)
Total transactions with owners		0	0	(173,340)	(173,340)
At 31 December 2018		642,000	(2,044)	384,176	1,024,132

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

STATEMENTS OF CHANGES IN EQUITY ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Share capital	Retained profits	Total
		RM'000	RM'000	RM'000
Company				
At 1 January 2019, as previously reported		642,000	391,167	1,033,167
Effects of adoption of MFRS 16	4	0	(448)	(448)
At 1 January 2019, as restated		642,000	390,719	1,032,719
Net profit for the financial year/ Total comprehensive income for the financial year		0	168,156	168,156
Transactions with owners:				
Dividend: financial year ended 31 December 2019	30	0	(61,632)	(61,632)
Dividend: financial year ended 31 December 2018	30	0	(115,560)	(115,560)
Total transactions with owners	_	0	(177,192)	(177,192)
At 31 December 2019		642,000	381,683	1,023,683

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	Note	Share capital	Retained profits	Total
		RM'000	RM'000	RM'000
At 1 January 2018		642,000	387,572	1,029,572
Net profit for the financial year/Total comprehensive income for the financial year		0	176,935	176,935
Transactions with owners:				
Dividend: financial year ended 31 December 2018	30	0	(57,780)	(57,780)
Dividend: financial year ended 31 December 2017	30	0	(115,560)	(115,560)
Total transactions with owners		0	(173,340)	(173,340)
At 31 December 2018		642,000	391,167	1,033,167

STATEMENTS OF CASH FLOWS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
OPERATING ACTIVITIES				
Profit before zakat and taxation	242,145	234,119	219,410	229,487
Adjustments for:				
Depreciation and amortisation	79,160	66,127	78,233	65,271
Impairment loss on trade receivables	77	20	23	0
Write back of impairment loss on trade receivables	(1,836)	(9,407)	(1,814)	(9,407)
Loss/(Gain) on disposal of property, plant and equipment	121	(295)	(46)	(272)
Property, plant and equipment written off	7,548	0	7,548	0
Gain on disposal of a subsidiary	0	0	0	(1,160)
Amortisation of prepaid lease payment	0	403	0	349
Share of results in joint ventures	(21,230)	(4,853)	0	0
Finance costs	15,366	12,310	14,475	11,609
Finance income	(4,234)	(6,822)	(3,491)	(6,140)
	317,117	291,602	314,338	289,737
Changes in working capital:				
Receivables	(131,574)	50,109	(129,921)	50,116
Payables and contract liabilities	(12,363)	135,917	(12,590)	151,246
Intercompany balances	0	0	(12,736)	0
Cash flows generated from operations	173,180	477,628	159,091	491,099
Zakat paid	(3,500)	(3,500)	(3,500)	(3,500)
Income tax paid	(51,232)	(30,862)	(50,446)	(30,478)
Tax refund	171	0	171	0
Net cash flows generated from operating activities	118,619	443,266	105,316	457,121
INVESTING ACTIVITIES				
Government grant received	40,000	10,000	40,000	10,000
Proceeds from disposal of property, plant and equipment	111	313	46	290
Purchase of property, plant and equipment	(176,860)	(158,106)	(176,264)	(157,856)
Additions of prepaid lease payment	0	(9)	0	(9)
Finance income	4,269	6,700	3,526	6,046
Addition/(Withdrawal) of investment funds with a licensed financial institution	48,469	(171,750)	57,707	(170,470)
Advances to subsidiaries	0	0	(7,509)	(13,051)
Investment in a joint venture	(3,500)	0	0	0
Net cash flows used in investing activities	(87,511)	(312,852)	(82,494)	(325,050)

Group

Company



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————— Gas Malaysia Berh		Financials	Sustainable Development	Way We Are Governed		

STATEMENTS OF CASH FLOWS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Group		Company	
Note	2019 RM'000	2018 RM′000	2019 RM′000	2018 RM′000
FINANCING ACTIVITIES				
Dividends paid	(177,192)	(173,340)	(177,192)	(173,340)
Issuance of Islamic Medium Term Notes ("iMTN") and Islamic Commercial Papers ("iCP")	950,000	631,000	950,000	631,000
Repayment of loan, iMTN and iCP	(850,000)	(561,960)	(850,000)	(550,000)
Lease liabilities paid	(1,724)	0	(1,724)	0
Finance cost paid	(15,801)	(11,558)	(14,910)	(10,857)
Net cash flows used in financing activities	(94,717)	(115,858)	(93,826)	(103,197)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(63,609)	14,556	(71,004)	28,874
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	232,754	218,198	218,741	189,867
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR 21	169,145	232,754	147,737	218,741

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Notes to the statements of cash flows:

a. The following principal non-cash transactions during the financial year have been set-off against other receivables and amounts due from subsidiaries respectively:

		Gro	oup	Company		
		2019 RM'000	2018 RM′000	2019 RM'000	2018 RM′000	
(i)	Finance income receivable arising from deposits with financial institutions	87	122	87	122	
(ii)	Proceeds from disposal of investments in unquoted shares in a subsidiary and a joint venture	0	0	0	5,699	

STATEMENTS OF CASH FLOWS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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

	Short-term borrowings	Long-term borrowings	Dividend payable	Lease liabilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2019	102,966	181,000	0	2,708*	286,674
Cash flows	84,199	0	(177,192)	(1,724)	(94,717)
Non-cash items:					
- Dividends declared	0	0	177,192	0	177,192
- Finance costs	14,674	0	0	1,270	15,944
- Addition of lease liabilities	0	0	0	18	18
At 31 December 2019	201,839	181,000	0	2,272	385,111
At 1 January 2018	4,741	208,970	0	0	213,711
Cash flows	85,452	(27,970)	(173,340)	0	(115,858)
Non-cash items:					
- Dividends declared	0	0	173,340	0	173,340
- Finance costs	12,773	0	0	0	12,773
At 31 December 2018	102,966	181,000	0	0	283,966



STATEMENTS OF CASH FLOWS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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

	Short-term borrowings	Long-term borrowings	Dividend payable	Lease liabilities	Total
	RM′000	RM'000	RM'000	RM'000	RM′000
Company					
At 1 January 2019	102,966	181,000	0	2,708*	286,674
Cash flows	85,090	0	(177,192)	(1,724)	(93,826)
Non-cash items:					
- Dividends declared	0	0	177,192	0	177,192
- Finance costs	13,783	0	0	1,270	15,053
- Addition of lease liabilities	0	0	0	18	18
At 31 December 2019	201,839	181,000	0	2,272	385,111
At 1 January 2018	1,751	200,000	0	0	201,751
Cash flows	89,143	(19,000)	(173,340)	0	(103,197)
Non-cash items:					
- Dividends declared	0	0	173,340	0	173,340
- Finance costs	12,072	0	0	0	12,072
At 31 December 2018	102,966	181,000	0	0	283,966

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^{*} After effects of adoption of MFRS 16. See Note 4 for details.

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NOTES TO THE FINANCIAL STATEMENTS _____

1 GENERAL INFORMATION

The principal activities of the Company consist of the sale and distribution of natural gas to the industrial, commercial and residential sectors as well as the construction and operation of the Natural Gas Distribution System in Peninsular Malaysia. The principal activities of the subsidiaries consist of the sale of liquefied petroleum gas ("LPG") via a reticulation system, sale, supply and transport of Compressed Natural Gas ("CNG") and property holding.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year.

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 24 April 2020.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES



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

(b) Credit risk

Risk management

The Group's exposure to credit risk arises from cash and cash equivalents, deposit with financial institutions and investment funds in a licensed financial institution, as well as credit exposures to customers, including outstanding receivable balances. The Company's exposure to credit risk arises from amounts due from subsidiaries and joint ventures, cash and cash equivalents, deposit with financial institutions and investment funds in a financial institution, 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 financial guarantee on its customers. A credit review committee meets regularly and closely monitors the trade receivables.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL")

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

(i) Trade receivables using simplified approach

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

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

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- The collection of a 2-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.
- Issuance of suspension notice to the customers with payments past due 1 day from the credit terms.
 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.

The Group's and the Company's maximum exposure to credit risk and loss allowance recognised as at 31 December 2019 are disclosed in Note 19. The remaining amount in which no ECL allowance was recognised is deemed to be recoverable, with low probability of default.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

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

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

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

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



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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.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and investment funds with a licensed financial institution that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

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

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	Between 4 months to 1 year	Between 1 to 2 years	More than 2 years	Total
	RM′000	RM'000	RM'000	RM′000	RM'000
2019					
Group					
Trade and other payables	867,110	143,531	0	0	1,010,641
Borrowings	100,289	109,887	80,340	121,254	411,770
Lease liabilities	417	1,081	1,105	3,186	5,789
Company					
Trade and other payables	862,392	130,505	0	0	992,897
Amount due to a subsidiary	0	869	0	0	869
Borrowings	100,289	109,887	80,340	121,254	411,770
Lease liabilities	417	1,081	1,105	3,186	5,789
2018					
Group					
Trade and other payables	891,570	131,546	0	0	1,023,116
Borrowings	0	114,289	103,218	86,854	304,361
Company					
Trade and other payables	888,905	116,694	0	0	1,005,599
Amount due to a subsidiary	9,991	3,614	0	0	13,605
Borrowings	0	114,289	103,218	86,854	304,361



2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital management

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

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, 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 Group may adjust the amount of dividends paid to shareholders. The Group 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 31 December 2019 and 2018 are as follows:

	Group		
	2019 RM'000	2018 RM'000	
Total debt	385,111	283,966	
Total equity	1,043,055	1,024,132	
Total capital	1,428,166	1,308,098	
Gearing ratio	27.0%	21.7%	

The gearing ratio increased from 21.7% to 27.0% as at 31 December 2019 following the adoption of MFRS 16 Leases. Both total debt and gross assets increased following the recognition of rights of use lease assets and lease liabilities on 1 January 2019. See Note 4 for further information.

The Group maintains a debt to equity ratio that complied with debt covenants in respect of 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.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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:

M'000 RM'000	RM'000
23,281 0	123,281
12.742	112,763
12,700	112,700
71,750 0	171,750
70,470 0	170,470
	112,763 0 171,750 0

There were no transfers between Level 1 and Level 2 during the financial years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(aa).

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(i) Standards, amendments to published standards and interpretations that are effective and relevant to the Group and to the Company:

The Group has applied the following standard, amendments and interpretation for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 "Leases"
- Amendments to MFRS 9 "Prepayment features with negative compensation"
- Amendments to MFRS 128 "Long-term interests in associates and joint ventures"
- Amendments to MFRS 119 "Plan amendment, curtailment or settlement"
- IC Interpretation 23 "Uncertainty over income tax treatments"
- Annual Improvements to MFRSs 2015 2017 Cycle

The Group has adopted MFRS 16 for the first time in the 2019 financial statements, which resulted in changes in the accounting policies. The detailed impact arising from the adoption of MFRS 16 are set out in Note 4.

Other than the above, the adoption of the amendments to existing standards and interpretation listed above did not have any financial impact on the current period or any other period and is not likely to affect 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.

NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2020. The Group and the Company intend to adopt the following pronouncements that are applicable to the Group and to the Company when they become effective:

Effective for financial year beginning on or after 1 January 2020

The Conceptual Framework for Financial Reporting (Revised 2018) (effective 1 January 2020). The
Framework was revised with the primary purpose to assist the IASB to develop IFRS that are based
on consistent concepts and enable preparers to develop consistent accounting policies where an
issue is not addressed by an IFRS. The Framework is not an IFRS and does not override any IFRSs.

Key changes to the Framework involve, amongst others, clarifications on the objective of general purpose financial reporting as well as the primary source of information about an entity's financial performance for a reporting period, reinstatement of certain concepts, introducing/refining definitions on removal of the probability threshold for asset or liability recognition as well as additional guidance on de-recognition of assets and liabilities.

The amendments should be applied retrospectively in accordance with MFRS 108 unless retrospective application would be impracticable or involve undue cost or effort.

 Amendments to the definition of material (Amendments to MFRS 101 and MFRS 108) (effective 1 January 2020). The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of 'material' has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments also:

- clarify that an entity assesses materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured
 if it has the effect similar as omitting or misstating of that information. For example, material
 transaction is scattered throughout the financial statements, dissimilar items are inappropriately
 aggregated, or material information is hidden by immaterial information.
- clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments shall be applied prospectively.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2020. 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 2020 (continued)

Amendments to MFRS 3 "Definition of a Business"

The amendments revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

In addition, the revised definition of the term 'outputs' is narrower, focuses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments shall be applied prospectively.

Amendments to MFRS 9, 139 and 7 on interest rate benchmark reform

Interbank Offered Rate ("IBOR") reforms

The amendments to MFRS 9, 139 and 7 provide guidance on the relief available, assumptions to be applied when performing the prospective assessment as well as exceptions to the MFRS 139 retrospective effectiveness test.

Risk components

For hedge accounting to be applied, both MFRS 9 and MFRS 139 require the designated risk component to be separately identifiable and reliably measurable. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2020. 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 2020 (continued)

Amendments to MFRS 9, 139 and 7 on interest rate benchmark reform (continued)

Disclosures

The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

An entity shall apply the amendments retrospectively. This retrospective application applies only to the following:

- hedging relationships that existed at the beginning of the reporting period in which an entity first applies those amendments or were designated thereafter; and
- the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies those requirements.

Effective for financial year beginning on or after 1 January 2022

Amendments to MFRS 101 on classification of liabilities as current or non-current

The MFRS 101 classification principle requires an assessment of whether an entity has the substantive right to defer settlement of a liability at the end of the reporting period.

The amendments clarify that when the right to defer settlement is subject to complying with specified conditions, the right only exists at the end of the reporting period if the entity complies with those conditions at that date. 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.

Also, classification is unaffected by the expectations of the entity or events after the reporting date (e.g. waiver obtained or breach of loan covenant).

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2020. 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 2022 (continued)

Amendments to MFRS 101 on classification of liabilities as current or non-current (continued)

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), the conversion option does not affect the classification of the convertible bond if the option meets the definition of an equity instrument in accordance with MFRS 132 "Financial Instruments: Presentation". Conversion option that is not an equity instrument should therefore be considered in the current or non-current classification of a convertible instrument.

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These amendments should be applied retrospectively.

Effective date yet to be determined by the Malaysian Accounting Standards Board.

 Amendments to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investments in Associates and Joint Ventures" on Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments resolve a current inconsistency between MFRS 10 and MFRS 128.

The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'.

Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. In other words, the elimination of profits or losses resulting from 'upstream' and 'downstream' transactions between an investor and its associate or a joint venture rule is only applicable if the asset is not a business.

The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

There is no material impact to the financial statements of the Group and of the Company arising from the amendments to existing standards that are applicable, but yet to be effective.

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

When necessary, amounts reported by the subsidiaries have been adjusted to conform to the Group's accounting policies.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are included in profit from operations.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(f) on impairment of non-financial assets.

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NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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:

Buildings50 yearsMotor vehicles5 yearsOffice and gas equipment3 to 5 yearsFurniture and fittings5 yearsOffice renovation3 yearsPipeline and distribution systems10 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 unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(q) 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 which the subsidiary has no repayment obligation is considered as part of the Company's investment in the subsidiary.

(h) Leases

(i) Accounting by lessee

Accounting policies applied from 1 January 2019

From 1 January 2019, 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).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

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.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

Accounting policies applied from 1 January 2019 (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.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

Accounting policies on lessee accounting applied until 31 December 2018

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

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.

(ii) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes 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 considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 3(t) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(ii) Accounting by lessor (continued)

(b) Operating leases

The Group classifies 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 recognises 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.

(c) Sublease classification

Until the financial year ended 31 December 2018, when the Group was an intermediate lessor, the subleases were classified as finance or operating leases by reference to the underlying assets.

From 1 January 2019, when the Group is an intermediate lessor, it assesses 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 applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group allocates 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. 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.

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NOTES TO THE FINANCIAL STATEMENTS. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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Distributions to holders of an equity instrument is recognised directly in equity.

(I) Trade payables

Trade payables represent liabilities to pay for natural gas and LPG that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period, in which they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective profit rate method.

(m) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective profit rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group and the Company have unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings and borrowing costs (continued)

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.

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 venture and it is probable that the temporary difference will not be reverse in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Current and deferred income tax (continued)

Generally, the joint venturer is unable to control the reversal of the temporary difference for joint ventures. Only where there is an agreement in place that gives the joint venturer the ability to control the reversal of temporary differences, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(p) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency. The Group's presentation currency is Ringgit Malaysia.

(q) Revenue 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 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.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(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 the Company, as the connectivity charge and the supply of gas are highly interdependent on one another to produce the output that the customer requires (i.e. the supply of gas), hence, it is not being capable to be distinct in the context of the supply of goods and services. Therefore, it is treated as one single performance obligation.

Revenue from gas sales is recognised (net of discount and taxes collected on behalf) as and when the Group's and the Company's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the gas for their benefit as and when the gas is being supplied) arising from the Group and the Company performing their obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of gas is recognised over time; i.e. as and when the gas supplied is consumed by the customers.

There is no element of financing present as the Group's and Company's sales are based on a credit term of 25 days from the date of the invoice.

(ii) Provision for tolling services

Revenue from provision of tolling services is recognised in the period in which the tolling activities are performed. There is no element of financing present as sales is based on a credit term of 30 days from the date of invoice.

(iii) Provision for metered services

Revenue from metered services are charges imposed to retail license holders, who are also the customers of the Group, for 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.



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (continued)

Revenue from other sources

(iv) 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).

(v) Other income

Other income includes rental income, tender related income, gain/(loss) on disposal of assets and late payment charges, which is recognised on an accrual basis.

(r) Accounting for zakat

The Group and the Company recognise the obligations towards the payment of zakat on business. Zakat for the current financial year is recognised as and when the Group and the Company have a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company has been in operation for at least 12 months, i.e. for the period known as "haul".

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 2019 is 2.5% of the zakat base. The zakat base of the Group and of the Company are determined based on the profit after tax of eligible companies within the Group and the Company after deducting certain non-operating income and expenses. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the financial year in which it is incurred.

(s) Contingent liabilities

The Group and the Company do not recognise a contingent liability other than those arising from business, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, 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").

(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.



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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

- (i) Financial assets (continued)
 - (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).

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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.

(d) Subsequent measurement - impairment

Impairment for debt instruments

The Group and the Company assess on a forward-looking basis the ECL associated with its debts instruments carried at amortised cost. 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 two types of financial assets that are subject to the ECL model:

- Trade receivables for sales of goods and services; and
- Debt instruments carried at amortised cost.

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.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

- (i) Financial assets (continued)
 - (d) Subsequent measurement impairment (continued)

Impairment for debt instruments (continued)

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 expects to receive, over the remaining life of the financial instrument.

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.

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, 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.

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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

The Group considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information, such as:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; or
- significant changes in the expected performance or behaviour of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants.
- concessions have been made by the lender relating to the debtor's financial difficulty.
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

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NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

- (i) Financial assets (continued)
 - (d) Subsequent measurement impairment (continued)

Groupings of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables arising from the sale of gas have been grouped based on shared risk characteristics and the days past due.

Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

Trade receivables

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item

Debt instruments at amortised cost other than trade receivables

The Group and the Company write off financial assets, in whole or in part, when all partial recovery efforts have been exhausted and there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtors' sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off are credited against the same line item.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(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.

(u) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The Group and the Company recognise a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where is a past practice that has created a constructive obligation.

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(ii) Post-employment benefits

A defined contribution plan is a pension under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Company have no legal or constitute obligations to pay further contributions if fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data 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.

NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee that makes strategic decisions.

(x) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in profit or loss and are included in other gains/(losses). Derivatives that qualify for hedge accounting are designated as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

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).

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contract liabilities

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or have billed the customer. In the case of the supply of gas, contract liabilities represents the consideration received from customers which had made contributions to the Group and to the Company for the connecting the premises to the Group's and to the Company's natural gas distribution network.

(z) Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(aa) Critical accounting estimates and judgements

Estimates and judgements are continually being evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Critical accounting estimates, assumptions and judgements

(i) Depreciation policy

The depreciation policy of the pipelines system adopted by the Directors, given the change in validity of the distribution licence under Third Party Access ("TPA") regime effective from 1 January 2020 onwards, is on the basis that there are no changes expected to the technology and legal environment in the industry the Group and the Company operate in, as well as the manner of which the assets are being used. In addition, given the significance of the pipeline network used to supply gas to end customers, the competitive advantage would be difficult for any new entrant to replicate, therefore the current useful life continues to be reasonable. Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(ii) Accrual for unbilled gas costs

In determining the accrual for unbilled gas costs as disclosed in Note 27 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.

(iii) Revenue recognition

The Directors have applied judgement in applying the revenue recognition policy based on the Group's and the Company's business model and its relationships and contracts with its customers. The judgement includes assessment of the obligation that the Group and the Company have in dealing with its customers, in which the Group and the Company are responsible for securing and expanding their customer base and bears the credit risks. The Directors have also taken into account the terms of business which the Group and the Company have with its gas suppliers where the title and ownership of the gas shall be transferred to the Group and to the Company after delivery to the Group's and to the Company's pipeline.

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4 EFFECTS OF ADOPTION OF MFRS 16 "LEASES"

NOTES TO THE FINANCIAL STATEMENTS _

("TPA") regime

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Critical accounting estimates and judgements (continued)

outstanding balance as at the reporting date.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117 "Leases".

(iv) Rights and obligations under the Incentive Based Regulation ("IBR") framework and Third Party Access

The Energy Commission ("EC") implemented the IBR framework on 1 January 2017 whereby the tariffs are revised every six months using the Gas Cost Pass-Through ("GCPT") mechanism. The GCPT mechanism is used by the EC to ensure that the Group and the Company remain financially neutral from fluctuations in gas price. Under the IBR framework, tariffs are determined by estimating the gas volume consumption and its estimated cost for the next six months. As the actual gas volume consumed and gas cost are different from the estimates used in determining tariffs, this results in gas cost under or over-recovered which will be adjusted against revenue in the reporting period in which the cost differential occurred. Effective from 1 January 2020, the IBR framework would be replaced with the TPA regime, 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. The Directors have ascertained the extent of the Group's and of the Company's rights and obligations with the customers and the Government under the IBR framework which was effective during the financial year and TPA regime subsequent to the reporting date and have determined the implication to revenue recognition during the financial year and recovery of the

The Group and the Company as lessors

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117 and did not have an impact for leases where the Group and the Company are the lessors.

The Group and the Company as lessees

Leases previously accounted for as operating leases

The Group and the Company recognised ROU assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases of less than 1 year and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. On a lease-by-lease basis, the Group and the Company measure the associated ROU asset on a retrospective basis at its carrying amount as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 December 2018.

The Group and the Company has also applied the available practical expedients wherein it:

- (i) used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (ii) relied on its assessment of whether leases are onerous before the date of initial application;
- (iii) excluded the initial direct costs from the measurement of the ROU asset at the date of initial application; and
- (iv) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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4 EFFECTS OF ADOPTION OF MFRS 16 "LEASES" (CONTINUED)

In applying MFRS 16 for all leases, the Group and the Company as a lessees:

- (i) recognise ROU assets and lease liabilities in the statement of financial position;
- (ii) recognise amortisation and impairment losses, if any, of ROU assets and finance cost on lease liabilities in profit or loss; and
- (iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and finance cost arising from lease liabilities (presented within financing activities) in the statement of cash flows.

Financial impact of the adoption of MFRS 16

The Group and the Company have applied MFRS 16 with the date of initial application of 1 January 2019 by applying the simplified retrospective transition method.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group and the Company are lessees were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 and IC Interpretation 4 "Determining whether an Arrangement Contains a Lease".

In addition, the Group and the Company has assessed whether a contract is or contains a lease based on the definition of a lease and related guidance set out in MFRS 16. However, for contracts entered into before the transition date, the Group and the Company relied on its assessment made applying MFRS 117 and IC Interpretation 4.

The impact to the opening balance as at 1 January 2019 is set out below:

(a) Statements of financial position

	Carrying amount as at 1 January 2019	Remeasurement	carrying amount as at 1 January 2019
	RM'000	RM'000	RM′000
Group			
Right-of-use assets	0	18,144	18,144
Prepaid lease payments	16,026	(16,026)	0
Retained profits	(384,176)	448	(383,728)
Deferred tax liabilities	(157,322)	142	(157,180)
Lease liabilities:			
- short term	0	(434)	(434)
- long term	0	(2,274)	(2,274)

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

4 EFFECTS OF ADOPTION OF MFRS 16 "LEASES" (CONTINUED)

Financial impact of the adoption of MFRS 16 (continued)

(a) Statement of financial position (continued)

	Carrying amount as at 1 January 2019	Remeasurement	carrying amount as at 1 January 2019
	RM'000	RM'000	RM'000
Company			
Right-of-use assets	0	14,054	14,054
Prepaid lease payments	11,936	(11,936)	0
Retained profits	(391,167)	448	(390,719)
Deferred tax liabilities	(156,871)	142	(156,729)
Lease liabilities:			
- short term	0	(434)	(434)
- long term	0	(2,274)	(2,274)

MFRS 16

(b) Reconciliation between the operating lease commitments disclosed when applying MFRS 117 as at 31 December 2018 to the lease liabilities recognised at 1 January 2019 as follows:

	Group and Company
	RM′000
Contract reassessed as lease contracts upon initial application of MFRS 16:	
- Lease liabilities recognised as at 1 January 2019	2,708
Analysed into:	
Current	434
Non-current	2,274
	2,708

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.15% per annum.

5 REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM′000
Sale of gas:				
- Sale of natural gas	6,836,695	6,175,654	6,838,254	6,177,129
- Sale of LPG	32,339	34,167	0	0
- Sale of CNG	2,947	3,072	0	0
 Cash contribution for pipelines construction 	3,420	6,157	3,420	6,157
Provision for tolling services	10,961	14,193	10,961	14,193
Provision for metered services	91	0	0	0
	6,886,453	6,233,243	6,852,635	6,197,479
Timing of revenue from contracts with customers - over time	6,886,453	6,233,243	6,852,635	6,197,479

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6 EXPENSES BY NATURE

	Gro	oup	Com	pany
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost of natural gas	6,440,508	5,800,220	6,440,508	5,800,220
Cost of LPG	22,525	25,473	0	0
Staff costs (Note 8)	71,257	69,663	66,473	64,563
Depreciation and amortisation:				
- Property, plant and equipment	77,864	66,127	76,993	65,271
- Right-of-use assets	1,296	0	1,240	0
Net write back of impairment loss on trade receivables	(1,759)	(9,387)	(1,791)	(9,407)
Property, plant and equipment written off	7,548	0	7,548	0
Gas licence fee	2,213	2,149	2,210	2,137
Sales commission expenses	1,288	1,273	0	0
Contribution to charitable organisations	5,800	4,820	5,800	4,820
Other expenses	27,912	39,693	25,348	37,380
	6,656,452	6,000,031	6,624,329	5,964,984

The above is a combination of cost of sales, administrative expenses and selling and distribution expenses in the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

7 PROFIT FROM OPERATIONS

	Group		Company		
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM′000	
Profit from operations is arrived at after crediting:					
Gain on disposal of property, plant and equipment	46	295	46	272	
Gain on disposal of a subsidiary	0	0	0	1,160	
Rental income	0	3	0	0	
Write back of impairment loss on trade receivables (Note 19)	1,836	9,407	1,814	9,407	
and after charging:					
Auditors' remuneration:					
- statutory audit	241	180	186	134	
- other audit related services	123	116	123	116	
- non-audit services	3	4	3	4	
Loss on disposal of property, plant and equipment	167	0	0	0	
Amortisation of prepaid lease payments (Note 18)	0	403	0	349	
Impairment loss on trade receivables (Note 19)	77	20	23	0	
Property, plant and equipment written off	7,548	0	7,548	0	
Rental of equipment	58	86	46	75	
Rental of premises	306	1,383	136	1,169	



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NOTES TO THE FINANCIAL STATEMENTS _____ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

8 STAFF COSTS

	Group		Company	
	2019 RM′000	2018 RM′000	2019 RM'000	2018 RM'000
Wages, bonuses and salaries	62,158	59,444	58,552	55,513
Defined contribution plan - contributions	9,191	8,836	8,653	8,227
Other employee benefits	8,777	9,177	8,137	8,617
	80,126	77,457	75,342	72,357
Less: Staff costs capitalised in property, plant and equipment	(8,869)	(7,794)	(8,869)	(7,794)
	71,257	69,663	66,473	64,563

The staff costs include Directors' remuneration as disclosed in Note 9.

9 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received by the Directors of the Company during the financial year is as follows:

Group and Company

	2019 RM'000	2018 RM'000
Fees Other benefits	918 802	889 707
	1,720	1,596

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

10 FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank charges Profit rate:	812	580	417	366
- iMTN - iCP	11,487 2,375	10,210 1,983	10,991 2,375	9,723 1,983
Lease liabilities	1,270	0	1,270	0
Less: Finance costs capitalised in	15,944	12,773	15,053	12,072
property, plant and equipment	(578)	(463)	(578)	(463)
	15,366	12,310	14,475	11,609



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11 TAX EXPENSE

	Group		Company	
	2019 RM′000	2018 RM′000	2019 RM'000	2018 RM'000
Income tax: - current financial year - over accrual in prior financial year	45,246 (3,061)	50,087 (1,904)	44,584 (3,232)	49,581 (1,904)
	42,185	48,183	41,352	47,677
Deferred taxation (Note 25) - origination and reversal of temporary difference	6,355	2,044	6,402	1,375
	48,540	50,227	47,754	49,052

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

11 TAX EXPENSE (CONTINUED)

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:

	Gro	oup	Com	pany
	2019 RM'000	2018 RM′000	2019 RM'000	2018 RM'000
Profit before taxation and after zakat	238,645	230,619	215,910	225,987
Tax calculated at the Malaysian income tax rate of 24% (2018: 24%)	57,275	55,349	51,818	54,237
Tax effects of:				
Income not subject to tax	(5,330)	(1,991)	(5,199)	(2,140)
Expenses not deductible for tax	1,847	2,994	1,786	2,752
Share of results in joint ventures	(5,095)	(1,165)	0	0
Over accrual of taxes in prior financial year	(527)	(5,139)	(651)	(5,797)
Temporary differences for which no deferred tax had been recognised	370	179	0	0
Tax expense	48,540	50,227	47,754	49,052

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12 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.

	Gro	oup
	2019 RM'000	2018 RM'000
Net profit for the financial year attributable to equity holders of the Company (RM'000)	190,105	180,392
Weighted average number of ordinary shares ('000)	1,284,000	1,284,000
Basic earnings per share (RM)	0.15	0.14
Diluted earnings per share (RM)	0.15	0.14

The Group has no dilutive potential ordinary shares and therefore the diluted EPS is the same as the basic EPS.

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold	Leasehold buildings	Motor	Office and gas equipment	Furniture and fittings	Office renovation	Pipeline and distribution systems	Capital work-in- progress	Total
Group	RM'000	RM'000	RM'000	RM′000	RM'000	RM'000	RM'000	RM'000	RM'000
2019									
Cost									
At 1 January	9,894	19,531	8,266	65,911	2,037	16,844	1,775,967	201,141	2,099,591
Additions	0	2,480	325	4,423	0	82	37,817	94,472*	139,602
Disposals	0	0	(478)	(10)	0	0	(541)	0	(1,029)
Write-off	0	0	(358)	(16,879)	(1,282)	(6,694)	(22,048)	0	(47,261)
Reclassifications	0	0	0	309	0	809	120,447*	(121,565)	0
Adjustment***	0	0	0	0	0	0	0	(5,696)	(2,696)
At 31 December	9,894	22,011	7,755	53,754	755	11,044	1,911,642	168,352	2,185,207
Accumulated depreciation									
At 1 January	0	8,210	5,235	52,980	2,022	10,730	707,245	0	786,422
Charge for the financial year	0	296	1,270	3,888	00	2,212	068'69	0	77,864
Disposals	0	0	(478)	(11)	0	0	(308)	0	(797)
Write-off	0	0	(358)	(16,879)	(1,281)	(6,694)	(14,501)	0	(39,713)
At 31 December	0	8,806	2,669	39,978	749	6,248	762,326	0	823,776
Net book value									
At 31 December	9,894	13,205**	2,086	13,776	9	4,796	1,149,316	168,352	1,361,431

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

PROPERTY PLANT AND FOLIPMENT (CONTINUED) 13

	Freehold land	Leasehold buildings	Motor vehicles	Office and gas equipment	Furniture and fittings	Office renovation	Pipeline and distribution systems	Capital work-in- progress	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018									
Cost									
At 1 January	9,894	19,531	8,727	55,306	2,037	10,643	1,620,460	220,728	1,947,326
Additions	0	0	789	2,045	0	0	23,755	126,926*	153,363
Disposals	0	0	(1,098)	0	0	0	0	0	(1,098)
Reclassifications	0	0	0	8,560	0	6,201	131,752*	(146,513)	0
At 31 December	9,894	19,531	8,266	65,911	2,037	16,844	1,775,967	201,141	2,099,591
Accumulated depreciation									
At 1 January	0	7,763	5,058	50,892	2,010	10,642	645,010	0	721,375
Charge for the financial year	0	447	1,257	2,088	12	88	62,235	0	66,127
Disposals	0	0	(1,080)	0	0	0	0	0	(1,080)
At 31 December	0	8,210	5,235	52,980	2,022	10,730	707,245	0	786,422
Net book value									
At 31 December	9,894	11,321**	3,031	12,931	15	6,114	1,068,722	201,141	1,313,169

Included in the Group's addition of pipeline and distribution systems during the financial year was finance costs capitalised at 4.04% amounting to RM578,000 (2018: RM463,000).

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The amount of RM5,696,000 (2018: RM nil) has been reclassified to non-current other receivables during the financial year as it relates to refundable deposits. Includes a leasehold building with a net book value of RM5,690,000 (2018: RM5,888,000) which resides on leasehold land owned by a subsidiary company. *** *

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold	Leasehold buildings	Motor	Office and gas equipment	Furniture and fittings	Office renovation	Pipeline and distribution systems	Capital work-in- progress	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019									
Cost									
At 1 January	9,894	19,531	8,265	64,123	1,902	16,508	1,758,110	199,089	2,077,422
Additions	0	2,480	325	4,424	0	82	37,321	94,371*	139,006
Disposals	0	0	(478)	0	0	0	0	0	(478)
Write-off	0	0	(358)	(16,879)	(1,282)	(6,694)	(22,049)	0	(47,262)
Reclassifications	0	0	0	309	0	809	120,447*	(121,565)	0
Adjustments***	0	0	0	0	0	0	0	(2,696)	(2,696)
At 31 December	9,894	22,011	7,754	51,977	620	10,708	1,893,829	166,199	2,162,992
Accumulated depreciation									
At 1 January	0	8,210	5,234	51,200	1,887	10,394	703,415	0	780,340
Charge for the financial year	0	296	1,270	3,879	00	2,212	69,028	0	76,993
Disposals	0	0	(478)	0	0	0	0	0	(478)
Write-off	0	0	(358)	(16,879)	(1,281)	(6,694)	(14,502)	0	(39,714)
At 31 December	0	8,806	5,668	38,200	614	5,912	757,941	0	817,141
Net book value									
At 31 December	9,894	13,205**	2,086	13,777	9	4,796	1,135,888	166,199	1,345,851

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold	Leasehold buildings	Motor vehicles	Office and gas equipment	Furniture and fittings	Office renovation	Pipeline and distribution systems	Capital work-in- progress	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018									
Cost									
At 1 January	9,894	19,531	8,615	53,523	1,902	10,307	1,602,848	218,676	1,925,296
Additions	0	0	637	2,040	0	0	23,510	126,926*	153,113
Disposals	0	0	(484)	0	0	0	0	0	(684)
Reclassifications	0	0	0	8,560	0	6,201	131,752*	(146,513)	0
At 31 December	9,894	19,531	8,265	64,123	1,902	16,508	1,758,110	199,089	2,077,422
Accumulated depreciation									
At 1 January	0	7,763	4,946	49,123	1,875	10,306	642,025	0	716,038
Charge for the financial year	0	447	1,257	2,077	12	88	61,390	0	65,271
Disposals	0	0	(696)	0	0	0	0	0	(696)
At 31 December	0	8,210	5,234	51,200	1,887	10,394	703,415	0	780,340
Net book value									
At 31 December	9,894	11,321**	3,031	12,923	15	6,114	1,054,695	199,089	1,297,082

Included in the Company's addition of pipeline and distribution systems during the financial year was finance costs capitalised at 4.04% amounting to RM578,000 (2018: RM463,000).

The amount of RM5,696,000 (2018: RM nil) has been reclassified to non-current other receivables during the financial year as it relates to refundable deposits. Includes a leasehold building with a net book value of RM5,690,000 (2018: RM5,888,000) which resides on leasehold land owned by a subsidiary company. ** *

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net cash outflows for the acquisition of property, plant and equipment during the financial year is as follows:

	Gro	oup	Com	pany
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Acquisition during the financial year	139,602	153,363	139,006	153,113
Add:Payment for property, plant and equipment acquired in the prior financial year	38,731	33,937	38,731	33,937
- Government grant received during the current financial year, which was offsetted against the additions of property, plant and equipment	40,000	10,000	40,000	10,000
Less: - Acquisition of property, plant and equipment not paid as at the reporting date	(40,895)	(38,731)	(40,895)	(38,731)
- Finance cost capitalised during the financial year	(578)	(463)	(578)	(463)
Net cash outflows for the acquisition of property, plant and equipment	176,860	158,106	176,264	157,856



14 RIGHT-OF-USE ASSETS

The Group leases several assets including district land, office buildings and office equipment for a period of between 1 to 30 years, but may include extension options.

Lease terms on the rental contracts are negotiated on an individual basis and contain various terms and conditions. The rental contracts do not impose any covenants.

	Land and buildings	Office equipment	Total
	RM′000	RM′000	RM'000
Group			
2019			
Effects of adoption of MFRS 16 at 1 January (Note 4)	18,111	33	18,144
Addition during the financial year	36	19	55
Depreciation during the financial year	(1,252)	(44)	(1,296)
At 31 December	16,895	8	16,903
Company			
2019			
Effects of adoption of MFRS 16 at 1 January (Note 4)	14,021	33	14,054
Addition during the financial year	36	18	54
Depreciation during the financial year	(1,196)	(44)	(1,240)
At 31 December	12,861	7	12,868

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NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

15 INVESTMENT IN SUBSIDIARIES

	Com	рапу
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	20,005	20,005

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effection 2019	ve interest 2018
			%	%
Direct subsidiaries				
Gas Malaysia Retail Services Sdn Bhd ("GMRS") (formerly known as Gas Malaysia (LPG) Sdn. Bhd.)*	Selling of liquefied petroleum gas via a reticulation system	Malaysia	100	100
Pelantar Teknik (M) Sdn. Bhd. ("PTSB")*	Property holding	Malaysia	100	100
Gas Malaysia Ventures Sdn. Bhd.*	Investment holding	Malaysia	100	100
Gas Malaysia Distribution Sdn. Bhd. ("GMD")*	Developing, operating and maintaining the distribution pipeline and to deliver gas through the distribution pipeline. GMD has not commenced operation during the financial year 2019.	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. GMES has not commenced operation during the financial year 2019.	Malaysia	100	100
Gas Malaysia Virtual Pipeline Sdn. Bhd. ("GMVP")*	Virtual pipeline	Malaysia	100	100
Gas Malaysia Venture 1 Sdn. Bhd.*	Investment holding	Malaysia	100	100



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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

		Country of	Group's effect	ive interest
Name of company	Principal activities	incorporation	2019	2018
			%	%
Indirect subsidiaries				
Gas Malaysia Venture 2 Sdn. Bhd. ("GMV2")*	Investment holding	Malaysia	100	100

^{*} Audited by PricewaterhouseCoopers PLT, Malaysia.

In the previous financial year, the Company had, on 9 February 2018, disposed all of its equity interest in GMVP, comprising 5,209,240 ordinary shares, representing the entire issued share capital of GMVP, to its wholly-owned subsidiary, GMV2, for a cash consideration of RM5,209,240.

16 INVESTMENT IN JOINT VENTURES

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Company Group 2019 2018 2019 2018 **RM'000 RM'000 RM'000 RM'000** 36,990 Unquoted shares, at cost 33,490 33,000 33,000 0 0 Share of post-acquisition reserves 30,318 2,630 33,000 67,308 36,120 33,000

Details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation	Group's effect 2019	tive interest 2018
			%	%
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	50

16 INVESTMENT IN JOINT VENTURES (CONTINUED)

During the current financial year, the Group's indirect subsidiary, Gas Malaysia Venture 1 ("GMV1") had subscribed to its proportion of equity interest in GMSD. The subscription of 3,499,999 shares at a consideration of RM3,499,999 on 3 September 2019 had consequently increased the Group's effective equity interest in GMSD from 50% to 70%.

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

2019	2018
RM'000	RM′000
178,479	164,639
(82,287)	(99,771)
53,234	50,623
(52,755)	(61,249)
479	(10,626)
96,671	54,242
9,663	13,953
20,402	30,251
82,287	99,771
_	178,479 (82,287) 53,234 (52,755) 479 96,671 9,663 20,402



NOTES TO THE FINANCIAL STATEMENTS . FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

16 INVESTMENT 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		
	2019	2018	
	RM′000	RM'000	
Summarised statement of comprehensive income			
Financial year ended 31 December			
Revenue	150,256	151,452	
Cost of sales (excluding depreciation)	(136,895)	(134,525)	
Administrative expenses	(12,254)	(2,839)	
Depreciation	(29)	(28)	
Finance cost	(5,493)	(6,854)	ANNUAL REPORT
Finance income	161	302	2019
Other income	12,035	0	211
Taxation	24,863	(72)	211
Profit after taxation	32,644	7,436	
Other comprehensive income	9,785	355	
Total comprehensive income	42,429	7,791	
Reconciliation of net assets to carrying amount			
Group's share of net assets/Carrying amount in the statement of financial position at 31 December	63,803	35,800	
Group's share of results			
Group's share of results for the financial year	21,545	4,908	
Group's share of other comprehensive income for the financial year	6,458	234	

NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

16 INVESTMENT IN JOINT VENTURES (CONTINUED)

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

	2019 RM′000	2018 RM'000
Group's share of net assets/Carrying amount in the statement of financial position at 31 December	3,505	320
Group's share of loss for the financial year	(315)	(55)

There are no outstanding commitments or contingent liabilities in respect of the joint ventures.

17 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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	2019 RM'000	2018 RM'000
Amounts due from subsidiaries - Non-current	36,465	28,956
Amount due to a subsidiary - Current	(869)	(13,605)

Company

The amount due from subsidiaries also includes an advance given to a subsidiary in the previous financial year. The advance of RM11,000,000 is unsecured and carries a profit rate at 4.56% (2018: 4.56%) as at the reporting date for a tenure of 5 years.

The remaining amounts due from subsidiaries are unsecured, profit rate free and repayable on demand. The Company does not expect any repayment within the next twelve months.

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NOTES TO THE FINANCIAL STATEMENTS _____ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

18 PREPAID LEASE PAYMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January, as previously reported Effects of adoption of MFRS 16 (Note 4)	16,026 (16,026)	16,420 0	11,936 (11,936)	12,276 0
At 1 January, as stated Addition Amortisation for the financial year	0 0 0	16,420 9 (403)	0 0 0	12,276 9 (349)
At 31 December	0	16,026	0	11,936
Cost Accumulated amortisation	0	23,167 (7,141)	0	17,775 (5,839)
Net book value	0	16,026	0	11,936

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19 TRADE AND OTHER RECEIVABLES

	Group		Com	Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM′000	
Current:					
- Trade receivables	659,633	596,917	655,813	592,683	
- Accumulated impairment loss allowance on trade receivables	(6,567)	(8,346)	(6,511)	(8,304)	
	653,066	588,571	649,302	584,379	
- Other receivables	133,962	135,952	131,367	135,917	
- Prepayments	2,863	2,232	2,863	2,232	
- Deposits	1,803	2,178	844	836	
- GST input tax	4,690	21,802	4,596	21,579	
	796,384	750,735	788,972	744,943	
Non-current:					
- Other receivables	87,612	0	87,612	0	
	883,996	750,735	876,584	744,943	

NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's and in the Company's trade and other receivables as at the reporting date is an amount of RM3,147,000 (2018: RM981,000) due from joint venture companies, GMEA and SDGMB.

Included in the Group's and in the Company's other receivables is an amount of RM195,757,000 (2018: RM131,078,000) which arises from the differences between the market prices on the gas supplied arising from the Group's and from the Company's contractual obligations to the gas supplier and the forecast market prices applied in the determination of the tariff, for which the Government has confirmed its support to the Group and to the Company under the Gas Cost Pass Through ("GCPT") mechanism. See Note 3(aa)(iv) for the rights and obligations of the Group and of the Company under the IBR framework. There is minimal risk of default in payment in respect of this amount.

As at 31 December 2019, trade receivables of RM32,015,000 (2018: RM31,215,000) for the Group and of RM30,997,000 (2018: RM29,774,000) 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Neither past due nor impaired	621,051	557,356	618,305	554,605
Past due but not impaired:				
Up to 2 months (overdue)	25,103	30,343	24,495	29,664
Over 2 months (overdue)	6,912	872	6,502	110
Impaired	6,567	8,346	6,511	8,304
	659,633	596,917	655,813	592,683

Trade receivables that are neither past due nor impaired mainly relate to industrial users, which are nationally dispersed and covers a spectrum of industries with a variety of end markets and have high credit worthiness. As described in Note 2(b), the Group and the Company require the customers to pledge a bank guarantee or place cash deposit as collateral. Due to these factors, the Group's and the Company's historical experience shows that the impairment loss allowance on trade receivables has been adequate.

As at 31 December 2019, trade receivables amounting to RM6,567,000 (2018: RM8,346,000) for the Group and RM6,511,000 (2018: RM8,304,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate to customers which have defaulted in payment.

NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Com	Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	
At 1 January	8,346	17,733	8,304	17,711	
Impairment loss on trade receivables (Note 7)	77	20	23	0	
Write back of impairment loss on trade receivables (Note 7)	(1,836)	(9,407)	(1,814)	(9,407)	
Trade receivables written off	(20)	0	(2)	0	
At 31 December	6,567	8,346	6,511	8,304	

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

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20 INVESTMENT FUNDS WITH A LICENSED FINANCIAL INSTITUTION

The investments are in relation to the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Investment funds with a licensed financial institution - Unquoted	123,281	171,750	112,763	170,470

The unquoted investment funds with a licensed financial institution 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.

NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks Cash and bank balances	149,775	213,771	130,037	205,366
	19,370	18,983	17,700	13,375
	169,145	232,754	147,737	218,741

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	
	2019 % per annum	2018 % per annum	2019 % per annum	2018 % per annum
Deposits placed with licensed banks	3.26	3.56	3.25	3.57

Deposits placed with licensed banks of the Group and of the Company have an average maturity period of 12 days (2018: 14 days). Bank balances are deposits held at call with licensed banks.

22 SHARE CAPITAL

	Company			
	2019 2018			
	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

23 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.

NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

24 REDEEMABLE PREFERENCE SHARE

On 23 April 2012, the Company issued one Special Rights Redeemable Preference Share ("RPS") at an issue price of RM0.50 to Petroliam Nasional Berhad ("Special Shareholder" or "PETRONAS") which adopted the special rights attached to the RPS via amendments to the Constitution of the Company ("Constitution").

Salient points of the RPS stated in the Constitution are:

- (a) The holder of the RPS or any holder acting on behalf of the Special Shareholder shall have the same rights as ordinary shareholders with regard to receiving notices of general meetings, reports and audited financial statements of the Company but shall carry no right to vote nor any other rights at any such meeting save and except where the right to vote is expressly provided in the Constitution and/or the Bursa Malaysia Securities Berhad Listing Requirements ("the Listing Requirements");
- (b) The Special Shareholder shall have the right to vote at any meeting convened in each of the following circumstances as provided for under the Listing Requirements:
 - (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months, if applicable;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects rights attached to the RPS;
 - (v) on a proposal to wind-up the Company; and
 - (vi) during the winding-up of the Company.

A resolution in writing signed by or on behalf of the Special Shareholder, for this purpose, be treated as a resolution duly passed by the Special Shareholder in respect of the matters stated above;

- (c) The Special Shareholder shall have no right to appoint or nominate any Directors;
- (d) The RPS shall confer no right to dividend;
- (e) The RPS is not transferable and is to be held by PETRONAS. Notwithstanding this, the RPS may be transferred to an entity wholly owned by the Government of Malaysia;
- (f) The Special Shareholder may require the Company to redeem the RPS at par at any time by serving written notice upon the Company and delivering the relevant share certificate;
- (g) In a distribution of capital in a winding-up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid-up on the RPS in priority to any other shareholders. Save as otherwise provided in the Constitution, the RPS shall confer no other rights to participate in the capital or profits of the Company;
- (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

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

24 REDEEMABLE PREFERENCE SHARE (CONTINUED)

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

- (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.

NOTES TO THE FINANCIAL STATEMENTS _____ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

25 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:

2018 RM'000 157,322 155,278 0 155,278 0 198 4,232 (2,386)	2019 RM'000 163,131 156,871 (142) 156,729	2018 RM'000 156,871 155,496 0
155,278 0 155,278 1 198 4,232	156,871 (142) 156,729	155,496 0 155,496
155,278 198 198 4,232	156,729	155,496
198 4,232	0	·
4,232	_	0
4,232	_	0
2,044	2,992 6,402	3,758 (2,383) 1,375
157,322	163,131	156,871
7,993 2 0	4,978 142	7,970 0
	5,120 (5,120)	7,970 (7,970)
0	0	0
	168,251 (5,120)	164,841 (7,970) 156,871
3	7,993 7,993 7,993 7,993 7,993 7,993 7,993	7,993 5,120 (5,120) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

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NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

25 DEFERRED TAXATION (CONTINUED)

Subject to the agreement of the Inland Revenue Board, 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:

	Gro	oup	Com	pany
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
No expiry period:				
- Unabsorbed capital allowances	2,065	1,375	0	0
- Other deductible temporary difference	47	161	0	0
	2,112	1,536	0	0
Unutilised tax losses expiring in the following financial years:				
- 2025	3,799	3,799	0	0
- 2026	967	0	0	0
	4,766	3,799	0	0
	6,878	5,335	0	0

26 CONTRACT LIABILITIES

Group and Company

	2019 RM'000	2018 RM'000
Contract liabilities: - Capital contribution received from customers	16,440	19,860
Analysed as follows:		
- Current liabilities	4,529	4,655
- Non-current liabilities	11,911	15,205
	16,440	19,860

Capital contribution received from customers is considered as part of the process to obtain gas supply from the Group and the Company and therefore, this 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.

NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

26 CONTRACT LIABILITIES (CONTINUED)

Movement in the contract liabilities balances are set out below:

	Group and	Company
	2019 RM'000	2018 RM'000
As at 1 January	19,860	16,877
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	(3,420)	(3,375)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	o	6,358
As at 31 December	16,440	19,860

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

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27 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM′000	2018 RM′000	2019 RM′000	2018 RM'000
Trade payables	873,054	893,499	868,336	888,905
Other payables	4,155	6,301	2,239	4,561
Customers' deposits	60,819	48,766	50,941	38,573
Accruals	72,613	74,550	71,381	73,560
	1,010,641	1,023,116	992,897	1,005,599

Included in the trade payables of the Group and of the Company at the end of the reporting period is an amount of RM331,725,000 (2018: RM429,997,000) in respect of the accruals due to the Group's and the Company's gas supplier, which is a related party, for the purchase of natural gas.

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

28 BORROWINGS

	Gro	oup	Com	pany
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current (unsecured):				
- iMTN	101,839	102,966	101,839	102,966
- iCP	100,000	0	100,000	0
	201,839	102,966	201,839	102,966
Non-current (unsecured): - iMTN	181,000	181,000	181,000	181,000
- HVITIN	101,000	101,000	101,000	101,000
	382,839	283,966	382,839	283,966
Analysis of repayment schedule:				
- not later than 1 year - later than 1 year but not later than	201,839	102,966	201,839	102,966
2 years	70,000	100,000	70,000	100,000
- later than 2 years	111,000	81,000	111,000	81,000
	382,839	283,966	382,839	283,966

During the financial year, the Group and the Company have issued the following under the Sukuk Murabahah Programme ("SMP"):

- (i) Eight iCPs amounting to RM850.0 million during July, August, October, November and December 2019 for a tenure of one month; and
- (ii) iMTN of RM100.0 million for a tenure of three years on 13 December 2019

The Group and the Company have also repaid the iCPs amounting to RM750.0 million and iMTN of RM100.0 million respectively during the financial year.

The iCPs and iMTNs carry profit rates of 3.40% to 3.50% (2018: 3.63% to 3.98%) per annum and 3.52% (2018: 4.15% to 4.56%) per annum respectively as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS _____ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

29 LEASE LIABILITIES

	Group and	Company
	2019 RM'000	2018 RM'000
Current	494	0
Non-current	1,778	0
	2,272	0
Maturity analysis of lease liabilities:		
- not later than 1 year	494	0
- later than 1 year but not later than 2 years	929	0
- later than 2 years	849	0
	2,272	0

Total cash outflow for leases in the financial year ended 31 December 2019 for the Group and for the Company amounted to RM1,724,000.

The Group and the Company have elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets. Payment made under such leases are expensed on a straight-line basis.

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term leases	306	0	136	0
Leases of low-value assets	58	0	46	0
	364	0	182	0

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NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

30 DIVIDENDS

Company

	2019 sen	2018 sen	2019 RM′000	2018 RM′000
Dividends paid during the financial year:				
First interim dividend per ordinary share - in respect of:				
- financial year ended 2019	4.80	0.00	61,632	0
- financial year ended 2018	0.00	4.50	0	57,780
2) Second interim dividend per ordinary share - in respect of:				
- financial year ended 2018	4.50	0.00	57,780	0
- financial year ended 2017	0.00	4.00	0	51,360
3) Final dividend per ordinary share,in respect of:				
- financial year ended 2018	4.50	0.00	57,780	0
- financial year ended 2017	0.00	5.00	0	64,200
	13.80	13.50	177,192	173,340
Dividends declared/proposed subsequent to year end:				
 Second interim dividend per ordinary share - in respect of: 				
- financial year ended 2019*	4.80	0.00	61,632	0
- financial year ended 2018	0	4.50	0	57,780
2) Final dividend per ordinary share,				
- in respect of:				
- financial year ended 2019*	4.50	0.00	57,780	0
- financial year ended 2018	0	4.50	0	57,780

Per share

Total amount

^{*} The above second interim and the final dividend declared subsequent to the financial year ended 31 December 2019 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS _____ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

31 CAPITAL COMMITMENTS

	Gro	up	Compa	iny
	2019 RM′000	2018 RM′000	2019 RM′000	2018 RM'000
In respect of purchase of property, plant and equipment:				
Authorised by the Board:				
- Not contracted for	101,777	16,534	101,777	16,534
- Contracted but not provided for in the				
financial statements	133,400	171,949	133,400	171,949

32 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:

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Related parties	Relationship	Country of incorporation
Petronas Gas Berhad ("PGB")	Shareholder with significant influence over the Group	Malaysia
Petronas Dagangan Berhad ("PDB")	A related party to PGB, a shareholder with significant influence over the Group	Malaysia
Central Sugar Refinery Sdn. Bhd. ("CSR")	A subsidiary of Malaysia Tradewinds (Malaysia) Berhad, a related company to MMC Corporation Berhad ("MMC"), an indirect substantial shareholder	Malaysia
Petroliam Nasional Berhad ("PETRONAS")*	Holding company of PGB, a shareholder with significant influence over the Group	Malaysia
Gula Padang Terap Sdn. Bhd. ("GPT")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to MMC	Malaysia
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HICOM")	A wholly owned subsidiary of DRB- Hicom Berhad, a related company to MMC	Malaysia
Honda Malaysia Sdn. Bhd. ("Honda")	An associate of DRB-HICOM Berhad, a related company to MMC	Malaysia

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NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

32 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

Related parties with which 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
Senai Airport City Sdn. Bhd. ("SACSB")	A wholly owned subsidiary of Senai Airport Terminal Services Sdn. Bhd., a subsidiary of MMC	Malaysia
Edaran Otomobil Nasional Berhad ("EON")	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 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 24.

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 the Company.

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.

The following transactions were carried out with related parties in addition to related parties disclosures mentioned elsewhere in the financial statements:

(a) Transactions with a subsidiary

	Gre	oup	Company		
	2019 RM′000	2018 RM′000	2019 RM′000	2018 RM′000	
Natural gas sales to:					
GMVP***	0	0	1,389	1,476	
Advances to:					
GMVP**	0	0	2,500	16,000	

NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

32 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

The following transactions were carried out with related parties in addition to related parties disclosures mentioned elsewhere in the financial statements: (continued)

(b) Transactions with a joint venture

	Gro	Group		oany
	2019 RM'000	2018 RM'000	2019 RM′000	2018 RM′000
Natural gas sales to:				
GMEA***	115,447	117,571	115,447	117,571

(c) Transactions with other related parties

	Group		Com	pany
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM′000
Natural gas sales to:				
CSR***	90,773	79,628	90,773	79,628
GPT***	27,176	24,469	27,176	24,469
HICOM***	2,635	3,072	0	0
Purchase of LPG from PDB**	11,116	14,138	0	0
Purchase of natural gas from PETRONAS****	6,440,508	5,800,220	6,440,508	5,800,220
Tolling fee income earned from PETRONAS**	10,961	14,193	10,961	14,193
Cash contribution for Citygate construction paid to PETRONAS**	20,085	19,859	20,085	19,859
Provision for repair and purchase of motor vehicle from EON**	0	60	0	60
Rental fee on leased land payable to PGB**	215	230	215	230
Logistic services by JPL**	814	480	0	0

The significant outstanding balances with a related party is disclosed in Note 27.

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^{**} 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 EC of Malaysia.

^{****} The transactions have been entered into based on regulated and market prices.

NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

32 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

The following transactions were carried out with related parties in addition to related parties disclosures mentioned elsewhere in the financial statements: (continued)

(d) Key management compensation

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries and bonuses Directors' fees	10,289 918	10,779 889	9,974 918	9,954 889
Defined contribution plan - contributions Other benefits	1,680 802	1,799 723	1,627 802	1,659 721
	13,689	14,190	13,321	13,223



Key management compensation includes remuneration of the Directors and senior management of the Group and of the Company.

The Group and the Company define the Executive Directors, General Manager, Deputy General Manager, Head of Departments and Senior Managers as key management personnel.

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NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

33 SEGMENT REPORTING

The chief operating decision-maker, which consists of members of the Management Committee consider that the Group's business consists of two operating segments. The reportable operating segment is an aggregation of the two operating segments as these segments primarily derive the revenue from sales of natural gas as well as contribution from liquefied petroleum gas and tolling fee for transportation of gas. The Board assesses the performance of the operating segment based on a measure of earnings before finance income, zakat, taxation, depreciation and amortisation.

Segments assets consist primarily of property, plant and equipment, right-of-use assets (2018: prepaid lease payments), investment in joint ventures, trade and other receivables, investment funds with a licensed financial institution and cash and cash equivalents.

Segment liabilities comprise contract liabilities, borrowings and lease liabilities and excludes tax payables and deferred tax liabilities.

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	Natural Gas & LPG	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2019				
Revenue:				
Total segment revenue - external	6,886,453	0	0	6,886,453
Inter-segment revenue	0	140	(140)	0
	6,886,453	140	(140)	6,886,453
Results:				
Profit before zakat and taxation	220,856	21,289	0	242,145
Finance income	(3,924)	(310)	0	(4,234)
Depreciation and amortisation	79,106	54	0	79,160
Earnings before finance income, zakat, taxation, depreciation and amortisation				
(segment results)	296,038	21,033	0	317,071
Other information:				
Segment assets	2,550,697	4,059	0	2,554,756
Investment in joint ventures	282	67,026	0	67,308
Total assets				2,622,064

NOTES TO THE FINANCIAL STATEMENTS _____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

33 SEGMENT REPORTING (CONTINUED)

	Gas & LPG	Others	Elimination	Total
	RM'000	RM'000	RM′000	RM'000
Group 2019				
Segment liabilities	(1,412,177)	(15)	0	(1,412,192)
Tax payable	(3,281)	(1)	0	(3,282)
Deferred tax liabilities	(163,535)	0	0	(163,535)
Total liabilities				(1,579,009)
Other disclosure:				
Capital expenditure incurred	139,602	0	0	139,602
Depreciation and amortisation	79,105	55	0	79,160
Impairment loss on trade receivables	77	0	0	77
Write back of impairment loss on trade				
receivables	(1,836)	0	0	(1,836)
Share of results in joint ventures	(38)	21,268	0	21,230
Finance costs	15,366	0	0	15,366
2018				
Revenue:				
Total segment revenue - external	6,233,243	0	0	6,233,243
Inter-segment revenue	0	140	(140)	0
	6,233,243	140	(140)	6,233,243
Results:				
Profit before zakat and taxation	230,289	4,990	(1,160)	234,119
Finance income	(6,548)	(274)	0	(6,822)
Depreciation and amortisation	66,476	54	0	66,530
Earnings before finance income, zakat,				
taxation, depreciation and amortisation				
(segment results)	290,217	4,770	(1,160)	293,827

Natural



NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

33 SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG	Others	Elimination	Total
	RM'000	RM'000	RM′000	RM'000
Group				
2018				
Other information:				
Segment assets	2,469,577	14,857	0	2,484,434
Investment in joint ventures	0	36,120	0	36,120
Total assets				2,520,554
Segment liabilities	(1,326,923)	(19)	0	(1,326,942)
Tax payable	(12,157)	(1)	0	(12,158)
Deferred tax liabilities	(157,322)	0	0	(157,322)
Total liabilities				(1,496,422)
Other disclosure:				
Capital expenditure incurred	153,363	0	0	153,363
Depreciation	66,127	0	0	66,127
Amortisation of prepaid lease payments	349	54	0	403
Impairment loss on trade receivables	20	0	0	20
Write back of impairment loss on trade receivables	(9,407)	0	0	(9,407)
Share of results in joint ventures	0	4,853	0	4,853
Finance costs	12,310	0	0	12,310

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There is no revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue during the current financial year (2018: nil).

The Group's operations are conducted within Peninsular Malaysia.

NOTES TO THE FINANCIAL STATEMENTS ____

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

34 CHANGES TO COMPARATIVES - RECLASSIFICATION

To better reflect the nature and substance of the transactions, the Group and the Company have reclassified finance cost payable from trade and other payables to borrowings (current) to conform with the current year's presentation.

Statements of financial position As at 31 December 2018

	As previously reported	Reclassification	As restated
	RM'000	RM'000	RM'000
Group			
Current liabilities:			
Trade and other payables	1,026,082	(2,966)	1,023,116
Borrowings	100,000	2,966	102,966
Company			
Current liabilities:			
Trade and other payables	1,008,565	(2,966)	1,005,599
Borrowings	100,000	2,966	102,966

The reclassification does not have a material impact on the financial position of the Group and of the Company as at 1 January 2018.



NOTES TO THE FINANCIAL STATEMENTS ______ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

35 SIGNIFICANT EVENT DURING THE CURRENT FINANCIAL YEAR

During the current financial year, the Energy Commission has granted, via a letter dated 26 December 2019, the following licences to the Company's wholly-owned subsidiaries pursuant to the implementation of the TPA regime:

- (a) Shipping Licence to Gas Malaysia Energy and Services Sdn. Bhd. ("GMES"), valid for a period of 10 years, which allows GMES to carry out activity of a shipping licensee including making an arrangement with a regasification, transportation or distribution licensee for gas to be processed or delivered through a regasification terminal, transmission pipeline or distribution pipeline to consumers' premises; and
- (b) Distribution Licence to Gas Malaysia Distribution Sdn. Bhd. ("GMD"), valid for a period of 20 years, which permits GMD to carry out the activity of developing, operating and maintaining the distribution pipeline to deliver gas through the distribution pipeline.

These licences have been granted under the Gas Supply Act 1993 (as amended by the Gas Supply (Amendment) Act 2016) and both licences will be effective from 1 January 2020 onwards. Nonetheless, the Energy Commission has also granted an extension up to 31 March 2020 in respect of the Company's existing Gas Utility Licence to facilitate the transition from existing IBR framework to the TPA regime.

36 SUBSEQUENT EVENT

The widespread of the Covid-19 since the beginning of 2020 is a challenging situation facing all industries. The Group and the Company expect the current situation to have an adverse impact on their results for the financial year ending 31 December 2020. However, at this juncture, management is unable to reliably estimate the financial impact arising from this situation and will continue to monitor and take appropriate and timely actions to minimise the impact.

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Shareholding Statistics

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SHAREHOLDING STATISTICS _____

AS AT 31 MARCH 2020

Share Capital : RM642,000,000.50 divided into 1,284,000,000 ordinary shares and 1 redeemable

preference share

Voting Rights : (i) One vote for every ordinary share (on a poll)

(ii) No voting right for redeemable preference share save as circumstances as provided in

the Constitution of the Company

No. of Shareholders : 5,217

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held			
	Direct	%	Indirect	%
Anglo-Oriental (Annuities) Sdn Bhd	397,179,040	30.93	-	-
Tokyo Gas - Mitsui & Co Holdings Sdn Bhd	237,546,000	18.50	-	-
PETRONAS Gas Berhad	190,010,000	14.80	-	-
Lembaga Tabung Haji	99,417,500	7.74	-	-
MMC Corporation Berhad ⁽¹⁾	-	-	397,179,040	30.93
Seaport Terminal (Johore) Sdn Bhd ⁽²⁾	-	-	397,179,040	30.93
Indra Cita Sdn Bhd ⁽³⁾	-	-	397,179,040	30.93
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor ⁽⁴⁾	-	-	397,179,040	30.93
Tokyo Gas International Holdings B.V. ⁽⁵⁾	-	-	237,546,000	18.50
Tokyo Gas Co. Ltd ⁽⁶⁾	-	-	237,546,000	18.50
Mitsui & Co. (Malaysia) Sdn Bhd ⁽⁷⁾			237,546,000	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd ⁽⁸⁾	-	-	237,546,000	18.50
Mitsui & Co. Ltd ⁽⁹⁾	-	-	237,546,000	18.50
Petroliam Nasional Berhad ⁽¹⁰⁾	-	-	190,010,000	14.80



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Notes:

- (1) Deemed interest through its shareholding in Anglo-Oriental (Annuities) Sdn Bhd
- (2) Deemed interest through its shareholding in MMC Corporation Berhad
- Deemed interest through its shareholding in Seaport Terminal (Johore) Sdn Bhd
- (4) Deemed interest through its 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
- Deemed interest through its shareholding in Mitsui & Co. (Malaysia) Sdn Bhd
- (9) Deemed interest through its shareholding in Mitsui & Co. (Asia Pacific) Pte Ltd
- (10) Deemed interest through its shareholding in PETRONAS Gas Berhad

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100 shares	402	7.70	3,096	0.00
100 to 1,000 shares	1,349	25.86	989,244	0.08
1,001 to 10,000 shares	2,603	49.89	10,972,826	0.85
10,001 to 100,000 shares	746	14.30	19,375,213	1.51
100,001 to less than 5% of issued shares	113	2.17	328,507,081	25.59
5% and above of issued shares	4	0.08	924,152,540	71.97
TOTAL	5,217	100.00	1,284,000,000	100.00

DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDING)

	No. of Shares Held				
Name of Directors	Direct	%	Indirect	%	
Datuk Haji Hasni bin Harun	-	-	-	-	
Dato' Sri Che Khalib bin Mohamad Noh	-	-	-	-	
Nobuhisa Kobayashi	-	-	-	-	
Tomoaki Yokoyama (Alternate Director to 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	-	-	-	-	
Ahmad Hashimi bin Abdul Manap (Chief Executive Officer - Who is not a Director)	21,500	0.00*	-	-	

^{*} Negligible

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SHAREHOLDING STATISTICS _____

TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	No. of Shares Held
1	Anglo-Oriental (Annuities) Sdn Bhd	397,179,040	30.93
2	Tokyo Gas - Mitsui & Co. Holdings Sdn Bhd	237,546,000	18.50
3	PETRONAS Gas Berhad	190,010,000	14.80
4	Lembaga Tabung Haji	99,417,500	7.74
5	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	57,728,100	4.50
6	Amanahraya Trustees Berhad Amanah Saham Bumiputera	46,000,000	3.58
7	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	24,663,400	1.92
8	Permodalan Nasional Berhad	17,954,900	1.40
9	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	17,500,000	1.36
10	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd.	14,547,500	1.13
11	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	12,853,300	1.00
12	Kumpulan Wang Persaraan (Diperbadankan)	11,957,200	0.93
13	Amanahraya Trustees Berhad Amanah Saham Malaysia	10,577,900	0.82
14	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,384,000	0.81
15	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	6,903,600	0.54
16	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	6,617,800	0.52



Other

Information

No. of No. of Shares Held **Shares Held** No. Name 17 Amanahraya Trustees Berhad 5,100,000 0.40 Public Islamic Equity Fund 18 Maybank Nominees (Tempatan) Sdn Bhd 4,200,000 0.33 Bank Kerjasama Rakyat (M) Berhad (412803) 19 0.32 Citigroup Nominees (Tempatan) Sdn Bhd 4,119,700 **Employees Provident Fund Board (Amundi)** 20 Amanaraya Trustee Berhad 3,890,700 0.30 Public Islamic Optimal Growth Fund 21 Cartaban Nominees (Tempatan) Sdn Bhd 3,789,000 0.30 PAMB For PRULINK Equity Fund 22 Cartaban Nominees (Tempatan) Sdn Bhd 3,774,900 0.29 PAMB For PRULINK Equity Income Fund 23 Amanahraya Trustees Berhad 3,526,200 0.27 Public Dividend Select Fund 24 Citigroup Nominees (Tempatan) Sdn Bhd 3,300,000 0.26 Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1) 25 Citigroup Nominees (Tempatan) Sdn Bhd 3,300,000 0.26 Great Eastern Life Assurance (Malaysia) Berhad (SHF) 26 Amanahraya Trustees Berhad 0.25 3,169,400 Public Islamic Treasures Growth Fund 0.24 27 Citigroup Nominees (Tempatan) Sdn Bhd 3,087,400 Great Eastern Takaful Berhad (Credit Takaful PIA) 0.24 28 Citigroup Nominees (Tempatan) Sdn Bhd 3,060,400 Great Eastern Life Assurance (Malaysia) Berhad (DR) 29 CIMB Commerce Trustee Berhad 3,059,600 0.24 Public Focus Select Fund 30 Citigroup Nominees (Tempatan) Sdn Bhd 2,600,000 0.20 Great Eastern Life Assurance (Malaysia) Berhad (PAR) 4 **TOTAL** 1,211,817,540 94.38

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Gas Malaysia Berhad

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 2019 RM'000	Age of building (years)	Year of acquisition
1	HS(D) 359331 PTD 3527 Mukim Sungai Tiram Daerah Johor Bahru Johor Darul Takzim	Vacant land	Leasehold expiring in 2063	27.8225	8,730	-	2003
2	No. Hakmilik: 89023 Lot 52547 PT No.: 15752 Headquarters No. 5, Jalan Serendah 26/17, Seksyen 26 40000 Shah Alam Selangor Darul Ehsan	Headquarters, warehouse and regulating station	Leasehold expiring in 2094	5.273	5,850	22	1994
3	HS(M) 1457 PT 2957 Mukim 06 Seberang Perai Tengah Pulau Pinang	Vacant land	Freehold	3.02	5,270	-	2013
4	No. Hakmilik : 26774 Lot No. 85 No. 20, Jalan Gurney 54100 Kuala Lumpur	Office	Freehold	0.017767	3,988	11	2011
5	No Hakmilik: 7115 Lot No.: 8938 Eastern Regional Office Mukim Sungai Karang Kuantan Pahang Darul Makmur	Office and warehouse	Leasehold expiring in 2064	2.9999	1,891	22	1995
6	No Hakmilik :13007 Lot No.: 813 No.1, 1A & 1B Jalan Bola Jaring 13/15 Seksyen 13 Shah Alam Selangor Darul Ehsan	Office	Leasehold expiring in 2100	0.08	1,755	23	2009



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Other Information

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No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2019 RM'000	Age of building (years)	Year of acquisition
7	No. Hakmilik : 3272 Lot No.: 6462	District station land	Leasehold expiring in 2061	0.0375	1,492	-	2000
	No. Hakmilik : 6545 Lot No.: 5810			0.565			
	No. Hakmilik : 6546 Lot No : 6461			0.115			
	HS(D) 34458 PT No.: 4101 No. Hakmilik : 5928			0.0375			
	Lot No : 5809 HS(D) 34510			0.0375			
	PT No.: 1654 Prai Industrial Park Pulau Pinang			0.07825			
8	HS(D) 221664 PTD 115555 PLO 343 Jalan Emas Tiga 81700 Pasir Gudang Johor Darul Takzim	Office	Leasehold expiring in 2055	3.0352	290	18	1993
9	No. Hakmilik: 33555 Lot No.: 41387 No. 30, Jalan 4/12B Seksyen 4 43650 Bandar Baru Bangi Selangor Darul Ehsan	Office	Leasehold expiring in 2097	0.044	251	18	2000
10	HS(D) 108992 LOT No.: 4228 No. 34 Jalan Bunga Raya 6 Pusat Perniagaan Senawang 70400 Seremban Negeri Sembilan	Office	Freehold	0.0378	144	21	1995

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