GAS MALAYSIA BERHAD PROSPECTUS

PROSPECTUS

THIS PROSPECTUS IS DATED 18 MAY 2012

GAS MALAYSIA

GAS MALAYSIA BERHAD

(Company No. 240409-T)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING OF 333,840,000 ORDINARY SHARES OF RM0.50 EACH IN GAS MALAYSIA BERHAD ("GMB") ("OFFER SHARES"):

I. THE INSTITUTIONAL OFFERING OF 303,315,000 OFFER SHARES TO INSTITUTIONAL AND SELECTED INVESTORS AND BUMIPUTERA INSTITUTIONAL AND SELECTED INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"), PAYABLE IN FULL UPON ALLOCATION; AND

II. THE RETAIL OFFERING OF 30,525,000 OFFER SHARES TO THE MALAYSIAN PUBLIC, ELIGIBLE DIRECTORS AND EMPLOYEES OF GMB AT THE OFFER PRICE OF RM2.20 PER OFFER SHARE; BEING THE INITIAL PRICE PAYABLE BY THE APPLICANTS ("RETAIL PRICE"),

SUBJECT TO CLAWBACK AND REALLOCATION PROVISIONS IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES OF GMB ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

THE RETAIL PRICE IS PAYABLE IN FULL UPON APPLICATION AND IS SUBJECT TO A REFUND OF THE DIFFERENCE IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE.

THE FINAL RETAIL PRICE WILL EQUAL THE LOWER OF:

I. THE RETAIL PRICE OF RM2.20 PER OFFER SHARE; AND

II. THE INSTITUTIONAL PRICE.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

Principal Adviser and Sole Bookrunner

Maybank Investment Bank

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriters

Maybank Investment Bank

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

بنك معاملات Bank Muamalat

Bank Muamalat Malaysia Berhad (6175-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H

Kenanga Investment Bank Berhad (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

OUR DIRECTORS, PROMOTERS AND THE OFFERORS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

MAYBANK INVESTMENT BANK BERHAD ("MAYBANK IB"), BEING THE PRINCIPAL ADVISER TO OUR INITIAL PUBLIC OFFERING ("IPO") ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR IPO.

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE OFFER OR INVITATION IN RESPECT OF OUR IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

OUR COMPANY OBTAINED THE APPROVAL OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") ON 31 OCTOBER 2011 FOR THE LISTING OF AND QUOTATION FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES OF RM0.50 EACH IN OUR COMPANY ("SHARES"). OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES OF MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE SHARIAH ADVISORY COUNCIL OF THE SC ("SAC") HAS CLASSIFIED OUR SHARES AS SHARIAH-COMPLIANT BASED ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF GMB FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 AND FINANCIAL YEAR ENDED 31 DECEMBER 2011. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER OF EACH YEAR.

YOU SHOULD NOTE THAT ANY AGREEMENT BY THE JOINT UNDERWRITERS OR SOLE BOOKRUNNER NAMED IN THIS PROSPECTUS TO UNDERWRITE, SUBSCRIBE OR PROCURE SUBSCRIBERS FOR OUR SHARES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR SHARES BEING OFFERED.

THE DISTRIBUTION OF THIS PROSPECTUS AND OUR IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA EXCEPT INSOFAR AS IT IS PART OF THE OFFERING MEMORANDUM DISTRIBUTED TO FOREIGN INSTITUTIONAL INVESTORS OUTSIDE MALAYSIA IN CONNECTION WITH OUR IPO AND WHERE SUCH DISTRIBUTION IS NOT IN BREACH OF THE LAWS OF THE RELEVANT JURISDICTION(S). OUR COMPANY, PROMOTERS, THE OFFERORS, PRINCIPAL ADVISER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER NAMED IN THIS PROSPECTUS HAVE NOT AUTHORISED AND ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA EXCEPT INSOFAR AS IT IS PART OF THE OFFERING MEMORANDUM DISTRIBUTED TO FOREIGN INSTITUTIONAL INVESTORS OUTSIDE MALAYSIA IN CONNECTION WITH OUR IPO AND WHERE SUCH DISTRIBUTION IS NOT IN BREACH OF THE LAWS OF THE RELEVANT JURISDICTION(S). NO ACTION HAS BEEN TAKEN TO PERMIT A PUBLIC OFFERING OF OUR SHARES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS.

ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES UNDER OUR IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR SHARES OFFERED UNDER OUR IPO IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH OUR IPO. OUR SHARES BEING OFFERED IN OUR IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. OUR COMPANY, PROMOTERS, THE OFFERORS, PRINCIPAL ADVISER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER HAVE NOT AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OUR COMPANY, PROMOTERS, THE OFFERORS, PRINCIPAL ADVISER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER OR ANY OF THEIR RESPECTIVE DIRECTORS OR ANY OTHER PERSONS INVOLVED IN OUR IPO.

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM THE WEBSITE OF BURSA SECURITIES AT www.bursamalaysia.com.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN IPO UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR OTHER LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

ELECTRONIC PROSPECTUS

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my, CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, CIMB BANK BERHAD AT www.cimbclicks.com.my, RHB BANK BERHAD AT www.rhb.com.my, AFFIN BANK BERHAD AT www.AffinOnline.com OR PUBLIC BANK BERHAD AT www.pbebank.com.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. THE INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM OUR COMPANY OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

(I) OUR COMPANY DOES NOT ENDORSE AND IS NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, OUR COMPANY IS NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIALS PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

(II) OUR COMPANY IS NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY TERMS OF ANY AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. OUR COMPANY IS ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILES OR OTHER MATERIALS PROVIDED BY SUCH PARTIES; AND

(III) ANY DATA, FILES OR OTHER MATERIALS DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. OUR COMPANY IS NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEMS OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIALS.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF AN INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

(I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

(II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, THAT YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTERS, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of the Institutional Offering and the Retail Offering	10.00 a.m., 18 May 2012
Closing of the Institutional Offering and the Retail Offering	5.00 p.m., 25 May 2012
Price Determination Date	25 May 2012
Balloting of applications for the Retail Offering	29 May 2012
Allotment of the Offer Shares to successful applicants	7 June 2012
Listing	11 June 2012

The Institutional Offering will open and close at the time and date stated above or such other date or dates as our Directors, the Offerors and the Sole Bookrunner may mutually decide at their absolute discretion. Applications for the Retail Offering will open and close at the time and date stated above or such other date or dates as our Directors, the Offerors and the Joint Underwriters may mutually decide at their absolute discretion.

In the event that the closing date and time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting and allotment of the Offer Shares, and the Listing may be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisement in Bahasa Malaysia and English daily newspapers widely circulated throughout Malaysia.

All terms used are defined under "Presentation of financial and other information", "Definitions" and "Glossary of technical terms" commencing on pages ix, xiii and xviii respectively.

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CONTENTS *(Cont'd)*

CONTENTS *(Cont'd)*

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" or "GMB" in this Prospectus are to Gas Malaysia Berhad. All references to "our Group" or "GMB Group" in this Prospectus are to our Company and our subsidiaries taken as a whole. References to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries and where the context requires, our Company.

Any discrepancy in the tables included in this Prospectus between totals and the sums of amounts listed or between percentage changes and the listed amounts being compared are due to rounding. Other abbreviations used herein are defined in the "Definitions" section appearing on pages xiii to xvii of this Prospectus. Certain acronyms and technical terms used herein are defined in the "Glossary of technical terms" appearing on pages xviii to xix of this Prospectus. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall include corporations.

Any reference to a time or day shall be a reference to Malaysian Standard Time, unless otherwise stated.

References to "LPD" in this document are to 23 April 2012, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

The information on our website or any website directly or indirectly linked to our website is not incorporated by reference into this Prospectus and should not be relied on.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the report prepared by Frost & Sullivan Malaysia Sdn Bhd, an independent market researcher. We have appointed Frost & Sullivan Malaysia Sdn Bhd to provide the Industry Overview Section which is set out in Section 8 of this Prospectus. In compiling the data for this Section, Frost & Sullivan Malaysia Sdn Bhd relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industries in which we operate. However, we, our Promoters, the Offerors, Principal Adviser, other advisers, Joint Underwriters and Sole Bookrunner have not independently verified these figures. Neither our Company nor our Promoters, the Offerors, Principal Adviser, other advisers, Joint Underwriters and Sole Bookrunner make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the estimated figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with FRS. EBITDA is not a measurement of financial performance or liquidity under FRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-FRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and potential investors should not consider it in isolation from, or as a substitute for analysis of our financial condition or results of operations, as reported under FRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. These forward-looking statements also include statements relating to competition, trends and anticipated developments in our industry. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future result, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- our financial position and financing plans;
- our business strategies, trends and competitive position;
- plans and objectives of our Company for future operations; and
- the regulatory environment and the effects of future regulation.

Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:

- continued availability of capital and financing;
- interest rates;
- taxes and duties;
- changes in supply of or demand for gas;
- fixed and contingent obligations and commitments;
- the competitive environment in our industry;
- the activities and financial health of our customers, supplier and other business partners;
- the general economic, political and business conditions in Malaysia and globally;
- delays, cost overruns, shortages in labour or problems with our projects or the execution of our expansion plans;
- significant capital expenditure requirements;
- future regulatory changes affecting us or the industry that we operate;
- liability for remedial actions under environmental and/or health and safety regulations;
- the cost and availability of adequate insurance coverage; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 5 of this Prospectus on "Risk factors" and Section 12.2 of this Prospectus on "Management's discussion and analysis of financial condition, results of operations and prospects". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at LPD and represent our judgement on the date when such statements are made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

ADA	:	Authorised Depository Agent
Anglo-Oriental	:	Anglo-Oriental (Annuities) Sdn Bhd
Application Form	:	Application form for the application under the Retail Offering
ATM	:	Automated teller machine
Board	:	Board of Directors of our Company
Bumiputera	:	In the context of individuals, shall mean, Malays, aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa LINK	:	Bursa Listing Information Network, an electronic platform for submission of all announcements made by listed issuers on Bursa Securities
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System of Malaysia
CMSA	:	Capital Markets and Services Act, 2007
Companies Act	:	Companies Act, 1965
Directors	:	Directors of our Company
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Share Application	:	Application for the Retail Offering through a Participating Financial Institution's ATMs
Eligible Directors and Employees	:	Eligible Directors and employees of our Company
Energy Commission	:	Suruhanjaya Tenaga, a statutory body established in Malaysia under the Energy Commission Act, 2001 to regulate the energy supply activities and to enforce energy supply laws in Malaysia
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC
Existing Gas Supply Agreement	:	The agreement for sale and purchase of dry gas (defined as any hydrocarbons or mixture of hydrocarbons and other gases which at 15˚Celcius and atmospheric pressure is in the gaseous state) dated 18 August 1997 entered into between PETRONAS and us and which is effective from 6 January 1993 to 31 December 2012 (as supplemented and amended by the addenda thereto and subsequently vide the First Supplemental Agreement and Second Supplemental Agreement respectively)
Final Retail Price	:	Final price per Offer Share equivalent to RM2.20 per Offer Share or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
First Supplemental Agreement	:	Supplemental agreement dated 1 November 2009 to the Existing Gas Supply Agreement between PETRONAS and our Company

FRS	:	Financial Reporting Standards in Malaysia
FYE	:	Financial year ended/ending
GDC	:	Gas District Cooling (M) Sdn Bhd
GDP	:	Gross domestic product
GMB or Company	:	Gas Malaysia Berhad
GMB Group or Group	:	GMB and our subsidiaries
GMB Share or Share	:	Ordinary share of RM0.50 each in GMB
Government	:	Government of Malaysia
GSA	:	Gas Supply Act, 1993
Independent Market Researcher	:	Frost & Sullivan Malaysia Sdn Bhd
Institutional Offering	:	Offering by the Offerors of 303,315,000 Offer Shares to institutional and selected investors as well as Bumiputera institutional and selected investors approved by the MITI at the Institutional Price, subject to the clawback and reallocation provisions
Institutional Price	:	Price per Offer Share to be fully paid by the institutional and selected investors pursuant to the Institutional Offering, which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution	:	The participating financial institution for the Internet Share Application
Internet Share Application	:	Application for the Retail Offering through an Internet Participating Financial Institution
IPO or Offer For Sale	:	Collectively, the Institutional Offering and the Retail Offering, subject to the terms and conditions of this Prospectus
Issuing House	:	Malaysian Issuing House Sdn Bhd
Joint Underwriters	:	Maybank IB, Bank Muamalat Malaysia Berhad and Kenanga Investment Bank Berhad, being the joint underwriters for the Retail Offering
Joint Venture Agreement	:	The joint venture agreement entered into between MMC-Shapadu, Tokyo Gas-Mitsui and PETRONAS on 30 March 1992 (as supplemented and amended). PGB was made a party to the Joint Venture Agreement via the supplemental agreement dated 28 February 2007
Listing	:	Listing of and quotation for all the issued and paid-up ordinary shares of our Company comprising 1,284,000,000 GMB Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LNG	:	Liquefied natural gas
LPD	:	23 April 2012, being the latest practicable date prior to the registration of this Prospectus with the SC
LPG	:	Liquefied petroleum gas

DEFINITIONS *(Cont'd)*

LPG Distribution Licence	:	The licence issued to our Company on 15 December 2000 pursuant to Section 11 of the GSA to use, work or operate or permit to be used, worked or operated the LPG distribution system to be constructed by or for our Company and to supply and sell to or for the use of any other person the LPG from the distribution system in Peninsular Malaysia
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but excludes Directors, substantial shareholders of our Group and persons connected to either of them
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maybank IB or Principal Adviser	:	Maybank Investment Bank Berhad
Minister	:	Minister for the time being charged with the responsibilities for matters relating to petroleum as defined under the GSA
MITI	:	Ministry of International Trade and Industry
Mitsui	:	Mitsui & Co., Ltd
MMC	:	MMC Corporation Berhad
MMC-Shapadu	:	MMC-Shapadu (Holdings) Sdn Berhad
NA	:	Net assets
Natural Gas Distribution Licence	:	The licence issued to our Company on 1 September 1998 pursuant to Section 11 of the GSA to use, work or operate or permit to be used, worked or operated the natural gas distribution system to be constructed by or for our Company and to supply and sell to or for the use of any other person the natural gas from the distribution system in Peninsular Malaysia
New Gas Supply Agreement	:	The agreement for sale and purchase of dry gas (defined as any hydrocarbons or mixture of hydrocarbons and other gases at the quality specified therein) dated 23 February 2012 entered into between PETRONAS and us and which shall become effective from 1 January 2013 to 31 December 2022
NGDS	:	Natural Gas Distribution System
NTA	:	Net tangible assets
Offer Shares	:	The 333,840,000 GMB Shares being the subject of the Offer For Sale
Offerors or Promoters	:	Collectively, MMC-Shapadu, Tokyo Gas-Mitsui and PGB, who will undertake the disposal of 183,612,000, 83,460,000 and 66,768,000 Offer Shares respectively, representing approximately 14.3%, 6.5% and 5.2% of the issued and paid-up ordinary share capital of our Company respectively
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation

PETRONAS	:	Petroliam Nasional Berhad
PETRONAS NGV	:	PETRONAS NGV Sdn Bhd
PGB	:	PETRONAS Gas Berhad
PGB Network Code	:	The code of conduct published by PGB defining the standard of behavior and disclosure in respect of the provision of third party access to gas transportation system operated by PGB in Peninsular Malaysia. The code of conduct which is titled "PETRONAS Gas Berhad Network Code for Peninsular Gas Utilisation Transmission System" is effective from 23 December 2011 and may be amended from time to time
PGU	:	Peninsular Gas Utilisation transmission system owned and operated by PGB
Placement Agreement	:	Placement agreement to be entered into between our Company, the Offerors and the Sole Bookrunner in relation to the Institutional Offering
Placement Manager	:	Maybank IB
Pre-IPO Exercise	:	Collectively, (i) Acquisition by PGB of the Special Share from PETRONAS and removal of the special rights and powers attached to the Special Share; (ii) Subdivision of 642,000 ordinary shares of RM1,000.00 each in GMB into 1,284,000,000 GMB Shares; and (iii) Issuance of one (1) Special Rights RPS to PETRONAS
Price Determination Date	:	Date on which the Institutional Price and the Final Retail Price will be determined
Prospectus Guidelines	:	Prospectus Guidelines – Equity and Debt issued by the SC
PwC	:	PricewaterhouseCoopers, the Auditors and Reporting Accountants of our Group
R&D	:	Research and development
Retail Offering	:	Offering by the Offerors of 30,525,000 Offer Shares to the Malaysian Public and the Eligible Directors and Employees at the Retail Price, subject to the clawback and reallocation provisions
Retail Price	:	Initial price of RM2.20 per Offer Share to be fully paid by the applicants pursuant to the Retail Offering subject to adjustment as detailed in Section 4.4.1 of this Prospectus
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Second Supplemental Agreement	:	Second supplemental agreement dated 12 July 2010 to the Existing Gas Supply Agreement between PETRONAS and our Company
Shapadu	:	Shapadu Corporation Sdn Bhd
Shazakami	:	Shazakami Corporation Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SIRIM	:	Standards and Industrial Research Institute of Malaysia

Sole Bookrunner	:	Maybank IB, the sole bookrunner for the Institutional Offering
Special Rights RPS	:	One (1) redeemable preference share of RM0.50 in our Company carrying special rights as set out in our Company's Memorandum and Articles of Association
Special Share	:	One (1) ordinary share of RM1,000.00 in our Company (prior to the subdivision of 642,000 ordinary shares of RM1,000.00 each in our Company into 1,284,000,000 GMB Shares) carrying special rights and powers as set out in our Memorandum and Articles of Association which have since been removed via termination of the Joint Venture Agreement and amendments to the Memorandum and Articles of Association of our Company
Tokyo Gas	:	Tokyo Gas Co., Ltd
Tokyo Gas-Mitsui	:	Tokyo Gas-Mitsui & Co Holdings Sdn Bhd
Underwriting Agreement	:	Retail underwriting agreement entered into between our Company, the Offerors and the Joint Underwriters on 11 May 2012 in relation to the Retail Offering
USD	:	US dollar, the lawful currency of the United States of America

SUBSIDIARIES OF OUR COMPANY

GM(LPG)	:	Gas Malaysia (LPG) Sdn Bhd, a wholly-owned subsidiary of our Company
PTSB	:	Pelantar Teknik (M) Sdn Bhd, a wholly-owned subsidiary of our Company

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GLOSSARY OF TECHNICAL TERMS

Associated gas	:	Natural gas that is found associated with other hydrocarbons as it is either dissolved in crude oil or trapped as gas in crude oil. This natural gas is typically extracted from oil fields
Btu	:	British thermal unit, a quantity of heat required to raise the temperature of one (1) pound (i.e., 0.454 kg) of water from 39˚Fahrenheit to 40˚Fahrenheit (i.e., 3.9˚Celcius to 4.4˚Celcius) and is equivalent to about 1,055 joules of energy
Butane	:	A hydrocarbon with the molecular formula C_4H_{10}, with four (4) carbon and 10 hydrogen molecules, which is a colourless and odourless gas that is extracted from natural gas and refinery gas stream
CHP	:	Combined heat and power, an energy efficient system that generates electricity (and/or mechanical energy) and thermal energy with a single fuel source
CNG	:	Compressed natural gas
Condensate	:	It is a mixture of hydrocarbon liquids that generally occurs in association with natural gas
cubic feet	:	A unit of volume corresponding to a cube with the dimensions of one (1) foot (i.e., 0.3048 metre) in height by one (1) foot in width and by one (1) foot in depth
Ethane	:	A hydrocarbon with the molecular formula C_2H_6, with two (2) carbon and six (6) hydrogen molecules, which is a colourless and odourless gas extracted from natural gas and refinery gas streams
Hydrocarbons	:	A chemical compound consisting entirely of hydrogen and carbon molecules
km	:	Kilometre, a unit of length measuring 1,000 metres
ktoe	:	A thousand tonnes of oil equivalent. A tonne of oil equivalent is a conventional standardised unit of energy and is defined on the basis of a tonne of oil having a net calorific value of 41,686 kilo joule per kilogramme
ktoe/t	:	A ratio of 1,000 tonnes of oil equivalent over one (1) metric tonne
Methane	:	A hydrocarbon with the molecular formula CH_4, with one (1) carbon and four (4) hydrogen molecules, which is a colourless and odourless gas that is extracted from natural gas and refinery gas stream
MFO	:	Medium fuel oil, a blend of fuel oils that is either grade number four (4) or grade number five (5) with a boiling point, carbon chain length, and viscosity of the fuel oil that complies with the classification system specified by the American Society for Testing
MMBtu	:	Million British thermal units
MMScfd	:	Million cubic feet per day of gas at standard reference temperature of 60˚Fahrenheit and pressure of 14.73 psi
Natural gas	:	A hydrocarbon gas predominantly comprising methane (CH_4) and ethane (C_2H_6). It is a colourless, odourless and non-toxic gas

Non-associated gas	:	Natural gas that is practically free of crude oil and other unwanted hydrocarbons and is typically extracted from gas fields
Polyethylene	:	A tough, light, flexible synthetic resin made via polymerization of carbon and hydrogen molecules
Propane	:	A hydrocarbon with the molecular formula C_3H_8, with three (3) carbon and eight (8) hydrogen molecules, which is a colourless and odourless gas that is extracted from natural gas and refinery gas stream
psi	:	Pound per square inch, unit of pressure, which measures a force of one (1) pound force applied to an area of one (1) square inch
psig	:	Pound-force per square inch gauge, a unit of pressure relative to the surrounding atmosphere
scf	:	Standard cubic feet
SNG	:	Synthetic or substitute natural gas
tcf	:	Trillion cubic feet
tonne	:	Metric tonne, a unit of mass equivalent to 1,000 kilograms

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1. CORPORATE DIRECTORY

DIRECTORS

Name	Address	Nationality	Profession
Dato' Hamzah bin Bakar *(Non-Independent Non-Executive Director)*	No. 14, Jalan Bola Lisut 13/17 40100 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Company Chairman and Director
Datuk Muhamad Noor bin Hamid *(Non-Independent Executive Director)*	No. 5, Jalan SS 4B/10 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	Company Managing Director
Datuk Hj Hasni bin Harun *(Non-Independent Non-Executive Director)*	No. 26, Jalan PJU 3/17A Tropicana Indah 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Samsudin bin Miskon *(Non-Independent Non-Executive Director)*	DL 49, Jalan Nilam Taman Bukit Ampang 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Shazali bin Dato' Hj Shahrani *(Non-Independent Non-Executive Director)*	No. 1, Jalan Penggawa 12/10 Bukit Kayangan 40000 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Tadaaki Maeda *(Non-Independent Non-Executive Director)*	6-20-3, Ryokuen, Izumi-ku Yokohama, Kanagawa Japan 245-0002	Japanese	Company Director
Datuk Puteh Rukiah binti Abd Majid *(Independent Non-Executive Director)*	No. 15, Jalan Pekaka 8/15E Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Tan Lye Chong *(Independent Non-Executive Director)*	No. 8, Jalan U8/48A Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Syed Abu Bakar bin S Mohsin Almohdzar *(Independent Non-Executive Director)*	No. 1, Lengkok Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian	Company Director

1. CORPORATE DIRECTORY *(Cont'd)*

DIRECTORS *(Cont'd)*

Name	Address	Nationality	Profession
Karima binti Mohd Noor *(Alternate Director to Samsudin bin Miskon)*	297-8-4, Menara Bangsar Jalan Maarof 59000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian	Company Director
Tsuneaki Nakamura *(Alternate Director to Tadaaki Maeda)*	3-8-2-206, Hikarigaoka Nerima-ku Tokyo 1790072, Japan	Japanese	Company Director
Atsunori Takeuchi *(Alternate Director to Tadaaki Maeda)*	14-3-3 Impian Emas No. 14, Jalan Kapas 59100 Bangsar Wilayah Persekutuan Malaysia	Japanese	Company Director
Rosthman bin Ibrahim *(Alternate Director to Shazali bin Dato' Hj Shahrani)*	No. 2, Jalan Kubah U8/48E Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Company Director

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1. CORPORATE DIRECTORY (*Cont'd*)

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Lye Chong	Chairman	Independent Non-Executive Director
Datuk Hj Hasni bin Harun	Member	Non-Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Hamzah bin Bakar	Chairman	Non-Independent Non-Executive Director
Datuk Hj Hasni bin Harun	Member	Non-Independent Non-Executive Director
Samsudin bin Miskon	Member	Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Syed Abu Bakar bin S Mohsin Almohdzar	Chairman	Independent Non-Executive Director
Datuk Hj Hasni bin Harun	Member	Non-Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (*Cont'd*)

COMPANY SECRETARY	:	Zainul Abidin bin Hj Ahmad (LS 0008854) 5, Jalan Serendah 26/17 Seksyen 26, Peti Surat 7901 40732 Shah Alam Selangor Darul Ehsan Malaysia Telephone no.: +603 5192 3000 Fax. no.: +603 5192 6766/6749
REGISTERED OFFICE	:	5, Jalan Serendah 26/17 Seksyen 26, Peti Surat 7901 40732 Shah Alam Selangor Darul Ehsan Malaysia Telephone no.: +603 5192 3000 Fax. no.: +603 5192 6766/6749 Website address: www.gasmalaysia.com Email address: webmaster@gasmalaysia.com
PRINCIPAL PLACE OF BUSINESS	:	5, Jalan Serendah 26/17 Seksyen 26, Peti Surat 7901 40732 Shah Alam Selangor Darul Ehsan Malaysia Telephone no.: +603 5192 3000 Fax. no.: +603 5192 6766/6749 Website address: www.gasmalaysia.com Email address: webmaster@gasmalaysia.com
PRINCIPAL BANKER	:	Malayan Banking Berhad Seksyen 20 Shah Alam No 19 & 21, Jalan Singa 20/C 40000 Shah Alam Selangor Darul Ehsan Malaysia Telephone no.: +603 5032 0808
AUDITORS AND REPORTING ACCOUNTANTS	:	PricewaterhouseCoopers (AF 1146) Level 10, 1 Sentral Jalan Travers Kuala Lumpur Sentral 50706 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 2173 1188

1. CORPORATE DIRECTORY (*Cont'd*)

LEGAL ADVISER	:	Messrs Shearn Delamore & Co 7th Floor, Wisma Hamzah-Kwong Hing No. 1, Leboh Ampang 50100 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 2027 2727
PRINCIPAL ADVISER AND SOLE BOOKRUNNER	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 2059 1888
JOINT UNDERWRITERS	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 2059 1888 Bank Muamalat Malaysia Berhad 20th Floor, Menara Bumiputra Jalan Melaka 50100 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 2698 8787 Kenanga Investment Bank Berhad 8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 2164 9080
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone no.: +603 7841 8000

1. CORPORATE DIRECTORY (*Cont'd*)

INDEPENDENT MARKET RESEARCHER	:	Frost & Sullivan Malaysia Sdn Bhd Suite E-08-15, Block E Plaza Mont' Kiara 2, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Malaysia Telephone no.: +603 6204 5800
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone no.: +603 7841 8000
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC

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2. INTRODUCTION

This Prospectus is dated 18 May 2012.

No securities will be allotted or issued on the basis of this Prospectus after 12 months from the date of this Prospectus.

Our Company has registered this Prospectus with the SC. Our Company has also lodged a copy of this Prospectus, together with the Application Form, with the Registrar of Companies, who takes no responsibility for its contents.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a "prescribed security". Consequently, the Offer Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and the rules of Bursa Depository.

On 23 September 2011, the SAC, for the purpose of the IPO and the Listing, classified our Company's securities as Shariah-compliant based on the audited consolidated financial statements of our Company for the FYE 31 December 2010. Further to the above, the SAC, on 9 May 2012, reconfirmed the classification of our Company's securities as Shariah-compliant based on the audited consolidated financial statements of our Company for the FYE 31 December 2011. This classification remains valid until the next Shariah compliance review is undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities on the last Friday of May and November of each year.

On 7 October 2011, we obtained the SC's approval in respect of the IPO and the Listing. Subsequently, on 11 May 2012, the SC granted its approval-in-principle for the registration of the Prospectus. The approval of SC shall not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any part of the contents of this Prospectus. **You should rely on your own evaluation to assess the merits and risks of the IPO and an investment in us. If you are in any doubt as to the action to be taken, you should immediately consult your stockbrokers, bank managers, solicitors, accountants, or other professional advisers before applying for our Shares.**

Our Company obtained the approval of Bursa Securities on 31 October 2011 for the listing of and quotation for our Shares, including the Offer Shares which are the subject of this Prospectus, on the Main Market of Bursa Securities. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Admission to the Official List is not to be taken as an indicator of the merits of the IPO, our Company or our Shares.

If the Offer Shares are not allotted pursuant to the IPO, monies paid in respect of any application for the Offer Shares will be returned to applicants without interest in accordance with the provision of Section 243(2) of the CMSA. If such monies are not returned within 14 days after the Offerors become liable to repay it, then in addition to the liability of the Offerors, the officers of the Offerors shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

The completion of the Institutional Offering and the Retail Offering are inter-conditional and subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.3.5 of this Prospectus.

Pursuant to the Listing Requirements, our Company is required to comply with the public shareholding spread requirement as determined by Bursa Securities, which means that our Company is required to have a minimum of 25% of our Shares for which Listing is sought held by at least 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO and at the time of Listing. Our Company is expected to achieve this at the time of Listing. However, in the event that the above requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full without interest and if such monies are not returned in full within 14 days after the Offerors become liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

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3. SUMMARY

This summary highlights selected information from this Prospectus and may not contain all of the information about us which may be important to you. You should read and understand the whole Prospectus before deciding whether to invest in our Shares. You are advised to read the risk factors described in Section 5 of this Prospectus for an understanding of the risks associated with the investment in our Company.

3.1 Overview

We were established to sell, market and distribute natural gas as well as construct and operate the NGDS within Peninsular Malaysia. The NGDS that we operate is a network of natural gas pipelines which connects to the PGU. Natural gas is supplied by PETRONAS to us at transfer points known as city gate stations which are predominantly owned and operated by PGB. Natural gas is transferred to the NGDS through the PGU. In December 2000, our Group, via GM(LPG), expanded our business to include the supply of reticulated LPG to the industrial, commercial and residential sectors within Peninsular Malaysia. As at LPD, GM(LPG) purchases LPG from PETRONAS Dagangan Berhad and Boustead Petroleum Marketing Sdn Bhd. The expansion enabled us to supply LPG to locations not served by the NGDS. As at LPD, we operate a total of approximately 1,800 km pipelines across Peninsular Malaysia serving 700 industrial customers, 519 commercial customers and 10,612 residential customers for natural gas. In relation to the supply of LPG, as at LPD, we serve 1 industrial customer, 1,132 commercial customers and 20,663 residential customers.

We are the only company licensed under the GSA by the Energy Commission, with the approval of the Minister, to supply and sell reticulated natural gas in Peninsular Malaysia. The licence to supply and sell reticulated natural gas was granted on 1 September 1998 and will expire on 1 September 2028. In addition, we have also been granted the licence to supply and sell reticulated LPG on 15 December 2000 and the said licence will expire on 15 December 2020. Our licensed activities are principally regulated by the Energy Commission. The Director General of Gas Supply (whose functions are now performed by the Energy Commission), in consultation with the Minister, may extend the period of the licences to supply and sell reticulated natural gas and LPG respectively upon the terms and conditions as he considers fit to impose.

Our headquarters is situated in Shah Alam, Selangor Darul Ehsan. As at LPD, we have three (3) regional offices, located in Prai, Gebeng and Pasir Gudang, and seven (7) branch offices located in Kuala Lumpur, Shah Alam, Bangi, Kluang, Putrajaya, Senawang and Sri Manjung, to provide efficient operations and maintenance as well as effective customer service.

Our mission is to provide the cleanest, safest, most cost effective and reliable energy solutions to the nation. Currently, our customer base consists of diverse industries such as food and beverage, rubber, non-metallic minerals, glass, fabricated and basic metal, chemicals, electric and electronics, paper, printing and publishing, textiles, hotels, shopping malls as well as hospitals.

In line with our vision to be an innovative energy solutions provider which supports the Government's effort to improve energy efficiency, we have taken the initiative to introduce and promote a new energy utilisation technique to our customers, i.e CHP. This solution will enable customers to utilise more energy from the same volume of gas consumed, thus significantly reducing their total energy cost.

As at 31 December 2011, our Group had total assets of RM1,474.4 million and shareholders' equity of RM1,009.5 million. For the FYE 31 December 2011, we generated PAT of RM229.2 million on revenue of RM2,000.2 million.

3. SUMMARY *(Cont'd)*

Key milestones and achievements

The table below includes the dates and description of significant events in our corporate history:

Date	Description
30 March 1992	Joint venture agreement entered into between MMC-Shapadu, Tokyo Gas-Mitsui and PETRONAS ("JVA")
16 May 1992	We were incorporated as a private company
18 August 1997	Signing of the Existing Gas Supply Agreement for the supply of gas between PETRONAS as the seller and our Company as the buyer
1 September 1998	We obtained the Natural Gas Distribution Licence
1 February 2000	We were awarded with the certificate for implementing a Quality Management System which complies with MS ISO 9002 : 1994 (upgraded to ISO 9001 : 2008 and the issue date of the current certificate is 29 October 2009)
15 December 2000	We obtained the LPG Distribution Licence
1 February 2003	We were awarded with the certificate for implementing an Environmental Management System which complies with MS ISO 14001 : 1997 (upgraded to MS ISO 14001 : 2004 on 20 May 2006 and the issue date of the current certificate is 23 December 2011)
1 June 2003	We achieved two (2) million man hours without lost time injury
28 February 2007	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 our Company to its subsidiary, PGB, save for the Special Share retained by PETRONAS, on 11 September 2006
24 October 2007	We were awarded with the certificate for implementing an Occupational Health and Safety Management System which complies with OHSAS 18001 : 1999 (upgraded to OHSAS 18001 : 2007 on 31 October 2008 and the issue date of the current certificate is 23 November 2010)
1 November 2009	Signing of First Supplemental Agreement to the Existing Gas Supply Agreement between PETRONAS as the seller and our Company as the buyer for the increase of gas supply from 150 MMScfd to 300 MMScfd
12 July 2010	Signing of Second Supplemental Agreement to the Existing Gas Supply Agreement between PETRONAS as the seller and our Company as the buyer for the increase of gas supply from 300 MMScfd to 382 MMScfd
19 August 2011	We were converted to a public company
23 February 2012	Signing of the New Gas Supply Agreement for the supply of gas between PETRONAS as the seller and our Company as the buyer
23 April 2012	Termination of the Joint Venture Agreement

3.2 Our competitive strengths

Our Directors are of the view that our competitive strengths are as follows:

(i) we have wide strategic pipeline coverage in Peninsular Malaysia;

(ii) our management and technical teams are experienced and competent with significant industry knowledge and exposure in the oil and gas industry;

(iii) we are committed to a high-level of customer service;

(iv) the properties of natural gas provide a competitive edge to our customers; and

(v) we benefit from a strong strategic relationship and support from our shareholders.

Please refer to Section 7.3 of this Prospectus for more details on our competitive strengths.

3.3 Future plans and strategies

Our mission is to provide the cleanest, safest, most cost effective and reliable energy solutions to the nation and our vision is to be an innovative energy solutions provider which supports the Government's efforts to improve energy efficiency. We intend to achieve our mission and vision through the expansion of our customer base by securing additional natural gas volume and diversifying to CHP.

Please refer to Section 7.4 of this Prospectus for more details on our future plans and strategies.

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3.4 Risk factors

Before investing in our Shares, you should pay particular attention to the fact that our Company, and to a large extent our activities, are governed by the legal, regulatory and business environment in Malaysia and other jurisdictions that we may operate in. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider the following risks summarised from Section 5, along with the other matters set forth in this Prospectus. You should note that the following list is not an exhaustive list of all the risks that we face or risks that may develop in the future.

3.4.1 Risks relating to the gas industry

(i) Demand for gas is dependent on general economic and political conditions, and deterioration in such conditions would adversely affect the demand for gas and ultimately our business operations, profitability and financial condition;

(ii) Volatility of international market prices for crude oil and MFO may adversely affect our buying and average selling prices of natural gas which are currently regulated by the Government;

(iii) The operational process for our gas is complex and hazardous; and

(iv) Competition with other fuel substitutes such as coal, diesel, LPG and MFO.

3.4.2 Risks relating to our business

(i) Buying and average selling prices of natural gas which are regulated and approved by the Government as at LPD;

(ii) As our business depends heavily on our gas pipelines, any significant damage to our gas pipelines may have a material adverse effect on our business operations, profitability and financial condition;

(iii) Dependency on PETRONAS for supply of natural gas;

(iv) Our obligation in respect of take-or-pay for natural gas;

(v) Surcharges imposed on us by PETRONAS;

(vi) If we are unable to comply with the express conditions pertaining to the use of land endorsed on the issue documents of title of the relevant land on which our stations are erected, this may result in us having to relocate the affected stations to other suitable locations;

(vii) Our development and operational plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties;

(viii) We operate in a highly regulated industry, and if we are unable to maintain our gas supply licences and comply with the legislation required to operate our business, or if the Government decides to deregulate the gas industry, this may limit our ability to do business and/or subject us to litigation or penalties; and

(ix) Collection risk.

3.4.3 Risks relating to our Company

(i) Industrial market makes up approximately 99.1% and 99.2% of the total volume of natural gas sold for the FYE 31 December 2010 and FYE 31 December 2011 respectively;

(ii) Rights of the holder of the Special Rights RPS;

(iii) We may not be able to attract and retain key management personnel and employees with specialised skills;

(iv) Our insurance may not have adequate coverage for, and may not cover, all risks to which we are exposed; and

(v) Control by a substantial shareholder.

3.4.4 Risks relating to the IPO

(i) An active trading market for our Shares may not develop, and our trading price may fluctuate significantly;

(ii) Sales of substantial amount of our Shares in the public or private market, or the perception that those sales may occur, could materially and adversely affect the prevailing market price of our Shares;

(iii) If there is significant volatility in the price of our Shares following the IPO, you may lose all or part of your investment, and securities litigation or enforcement action may be brought against us;

(iv) Certain transactions that our Company may undertake subsequent to the Listing may dilute the ownership of shareholders in our Shares;

(v) There may be a delay or cancellation of the Listing; and

(vi) We may not be able to fulfil our dividend policy in the future.

Please refer to Section 5 of this Prospectus for further details of our risk factors.

3.5 Summary of financial information

The following tables present selected financial information extracted from our audited consolidated financial statements for the FYE 31 December 2009, 31 December 2010 and 31 December 2011. Our consolidated financial statements are prepared in accordance with FRS and for the FYE 31 December 2009, 31 December 2010 and 31 December 2011, our consolidated financial statements have been audited by PwC.

The following summary consolidated financial information should be read in conjunction with the "Management's discussion and analysis of financial condition, results of operations and prospects" set out in Section 12.2 of this Prospectus and the Accountants' Report set out in Section 13 of this Prospectus.

The financial information included in this document does not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

	For the FYE 31 December		
	2009 (audited)	2010 (audited)	2011 (audited)
	(RM'000, except for percentages and per share data)		
Income statement data:			
Revenue	1,753,146	1,807,475	2,000,170
Cost of sales	(1,403,022)	(1,388,666)	(1,677,749)
Gross profit	350,124	418,809	322,421
Administrative expenses	(30,428)	(41,699)	(38,048)
Other operating income	1,845	3,638	622
Profit from operations	321,541	380,748	284,995
Finance costs	(844)	(300)	(252)
Interest income	5,184	7,928	9,987
PBT	325,881	388,376	294,730
Tax expense	(82,735)	(90,098)	(65,576)
PAT	243,146	298,278	229,154
Profit from operations includes:			
Depreciation of property, plant and equipment	38,563	40,840	44,394
Amortisation of prepaid lease	393	403	402
Total depreciation and amortisation	38,956	41,243	44,796
Total depreciation and amortisation included in:			
Cost of sales	37,424	39,769	42,647
Administrative expenses	1,532	1,474	2,151
Other selected financial data:			
Net cash generated from operating activities	300,539	369,417	261,654
Net cash used in investing activities	(45,705)	(66,059)	(25,396)
Net cash used in financing activities	(188,286)	(173,244)	(387,250)
EBITDA(1)	360,194	421,691	329,539
Dividends declared	173,244	280,681	206,239
Gross profit margin (%)(2)	19.97	23.17	16.12
EBITDA margin (%)(3)	20.55	23.33	16.48
PBT margin (%)(4)	18.59	21.49	14.74
PAT margin (%)(5)	13.87	16.50	11.46
No. of shares in issue ('000)	642	642	642
Gross EPS (RM)(6)	507.60	604.95	459.08
Net EPS			
- Basic (RM)(7)	378.73	464.61	356.94
- Diluted (RM)	*	*	*

3. SUMMARY *(Cont'd)*

Notes:

(1) *EBITDA represents earnings before interest, taxation, depreciation and amortisation. The table below sets forth a reconciliation of our PAT to EBITDA:*

	For the FYE 31 December		
	2009 (audited)	2010 (audited)	2011 (audited)
		(RM'000)	
EBITDA:			
PAT	243,146	298,278	229,154
Tax expense	82,735	90,098	65,576
PBT	325,881	388,376	294,730
Interest	(4,643)	(7,928)	(9,987)
Depreciation of property, plant and equipment	38,563	40,840	44,394
Amortisation of prepaid land lease	393	403	402
	360,194	421,691	329,539

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with FRS. EBITDA is not a measurement of financial performance or liquidity under FRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible.

(2) *Computed based on the gross profit over total revenue of our Group.*

(3) *Computed based on the EBITDA over total revenue of our Group.*

(4) *Computed based on the PBT over total revenue of our Group.*

(5) *Computed based on the PAT over total revenue of our Group.*

(6) *Computed based on the PBT of our Group divided by 642,000 ordinary shares of RM1,000.00 each in GMB, being the actual number of shares in issue.*

(7) *Basic EPS amounts are calculated by dividing PAT attributable to ordinary equity holders of our Company by 642,000 ordinary shares of RM1,000.00 each in GMB during the financial year.*

* *Our Group has no securities convertible into ordinary shares as at balance sheet date and therefore, diluted EPS has not been presented.*

Our buying and average selling prices as well as average margins of natural gas from August 2008 until December 2011 were as follows:

Period	GMB's buying price	GMB's average selling price	GMB's average margin
		(RM/MMBtu)	
August 2008 to February 2009	17.99	22.06	4.07
March 2009 to May 2011	11.05	15.00	3.95
June 2011 to December 2011	14.05	16.07	2.02

By virtue of a press statement on 30 May 2011, the Government announced the revision of natural gas prices with respect to electrical and non-electrical sectors commencing from 1 June 2011. As indicated in the announcement, the buying price of natural gas for our Company will be increased by RM3.00 per MMBtu every six (6) months beginning 1 June 2011 to December 2015 and our buying price of natural gas will be at market prices starting from 2016.

3. SUMMARY *(Cont'd)*

The table below sets out our buying and average selling prices of natural gas beginning from 1 June 2011 to December 2015 as announced by the Government:

Sector		Price before revision (RM/ MMBtu)	Revised price based on a fixed revision of RM3.00 per MMBtu every six (6) months*									
			2011		2012		2013		2014		2015	
			Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
			(RM/MMBtu)									
Industrial	GMB	11.05	14.05	17.05	20.05	23.05	26.05	29.05	32.05	35.05	38.05	41.05
	Customers of GMB < 2 MMScfd (average)	15.00	16.07	19.12	22.16	25.21	28.05	31.10	34.15	37.20	40.25	43.30
(Source: Press statement dated 30 May 2011 published on Ministry of Energy, Green Technology and Water's official website www.kettha.gov.my)												
	GMB's average margin	3.95	2.02	2.07	2.11	2.16	2.00	2.05	2.10	2.15	2.20	2.25

Note:

* *The revised price based on a fixed revision of RM3.00 per MMBtu every six (6) months is in relation to GMB's buying price for natural gas.*

As illustrated in the table above, the first (1st) revision to the natural gas prices commencing from 1 June 2011, entailed the upward revision of our buying price of natural gas from RM11.05 per MMBtu to RM14.05 per MMBtu and the upward revision of our average selling price of natural gas from an average of RM15.00 per MMBtu to RM16.07 per MMBtu. The first (1st) revision to the natural gas prices commencing 1 June 2011 was implemented and took effect in accordance with the notification and instruction from the Energy Commission to our Company on 31 May 2011.

Nevertheless, as at LPD, the Energy Commission has yet to issue an instruction to our Company for the second (2nd) revision of natural gas prices, scheduled to commence from 1 December 2011 onwards for the revision of our buying price and average selling price of natural gas to RM17.05 per MMBtu and RM19.12 per MMBtu respectively. Pending the instruction and notification to our Company from the Energy Commission, the buying price and average selling price of natural gas as at LPD remain at RM14.05 per MMBtu and RM16.07 per MMBtu respectively.

Please refer to the Sections 12 and 13 for further financial information relating to our Company.

3.6 Summary of proforma consolidated balance sheets

Our Company has prepared the proforma consolidated balance sheets below for illustrative purposes only, to show effects of the Pre-IPO Exercise and the IPO on the assumption that the events had been effected on 31 December 2011. The proforma consolidated balance sheets have been prepared in accordance with FRS and in a manner consistent with both the format of the financial statements and the accounting policies adopted by our Group.

The proforma consolidated balance sheets should be read in conjunction with the Reporting Accountants' Letter and the Proforma Consolidated Balance Sheets as at 31 December 2011 and the notes thereon as set out in Section 12.5 of this Prospectus.

		Proforma I	Proforma II
	As at 31 December 2011 (audited)	After dividend payment^ and Pre-IPO Exercise*	After Proforma I and IPO
		RM'000	
NON-CURRENT ASSETS			
Property, plant and equipment	929,078	929,078	929,078
Prepaid lease payments	18,836	18,836	18,836
Deferred taxation	3,358	3,358	3,358
Total non-current assets	**951,272**	**951,272**	**951,272**
CURRENT ASSETS			
Trade and other receivables	196,150	196,150	196,150
Cash and bank balances	327,004	227,334	227,334
Total current assets	**523,154**	**423,484**	**423,484**
TOTAL ASSETS	**1,474,426**	**1,374,756**	**1,374,756**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF OUR COMPANY			
Share capital	642,000	642,000	642,000
Retained profits	367,454	267,784	267,784
Total equity	**1,009,454**	**909,784**	**909,784**
NON-CURRENT LIABILITIES			
Deferred taxation	176,047	176,047	176,047
Total non-current liabilities	**176,047**	**176,047**	**176,047**
CURRENT LIABILITIES			
Trade and other payables	275,457	275,457	275,457
Taxation	13,468	13,468	13,468
Total current liabilities	**288,925**	**288,925**	**288,925**
TOTAL LIABILITIES	**464,972**	**464,972**	**464,972**
TOTAL EQUITY AND LIABILITIES	**1,474,426**	**1,374,756**	**1,374,756**
Number of shares ('000)			
RM1,000.00 nominal value	642	-	-
RM0.50 nominal value	-	1,284,000	1,284,000
NA/ NTA (RM'000)	1,009,454	909,784	909,784
NA/ NTA per ordinary share of RM1,000 each (RM)(1)	1,572.36	-	-
NA/ NTA per ordinary share of RM0.50 each (RM)(1)	0.79(2)	0.71	0.71

Notes:

^ *The final single tier dividend amounting to RM99,670,000 in respect of the FYE 31 December 2011 was approved by our shareholders at our annual general meeting and was paid on 30 April 2012 from the cash and bank balances of our Company.*

* *The Pre-IPO Exercise involved the following:*

(i) acquisition by PGB of the Special Share from PETRONAS and removal of the special rights attached to the Special Share;
(ii) subdivision of 642,000 ordinary shares of RM1,000.00 each in our Company into 1,284,000,000 GMB Shares; and
(iii) issuance of one (1) Special Rights RPS to PETRONAS.

(1) *Computed based on the NA/ NTA attributable to equity holders of our Company over number of shares.*

(2) *Adjusted retrospectively to show the effect of the subdivision of 642,000 ordinary shares of RM1,000.00 each in our Company into 1,284,000,000 GMB Shares.*

3.7 Capitalisation and indebtedness

The following table summarises our Group's cash and cash equivalents as well as capitalisation as at 31 December 2011 based on our latest available audited consolidated financial statements and the proforma consolidated balance sheets as at 31 December 2011, on the assumption the IPO had occurred on 31 December 2011.

The information should be read in conjunction with the Reporting Accountants' Letter and the Proforma Consolidated Balance Sheets and Accountants' Report set out in Sections 12.5 and 13 respectively of this Prospectus.

The proforma financial information below does not represent our actual capitalisation as at 31 December 2011 and is provided for information purposes only. Our Group does not have any outstanding borrowings and material contingent liabilities as at 31 December 2011. As such, our Group does not have any indebtedness.

		Proforma I	**Proforma II**
	As at 31 December 2011 (audited)	**After dividend payment^ and Pre-IPO Exercise* (unaudited)**	**After Proforma I and IPO (unaudited)**
		(RM'000)	
Deposits with licensed banks, cash and bank balances	327,004	227,334	227,334
Total shareholders' equity	1,009,454	909,784	909,784
Total capitalisation	1,009,454	909,784	909,784

Notes:

^ *The final single tier dividend amounting to RM99,670,000 in respect of the FYE 31 December 2011 was approved by our shareholders at our annual general meeting and was paid on 30 April 2012 from the cash and bank balances of our Company.*

* *The Pre-IPO Exercise involved the following:*

(i) acquisition by PGB of the Special Share from PETRONAS and removal of the special rights attached to the Special Share;
(ii) subdivision of 642,000 ordinary shares of RM1,000.00 each in our Company into 1,284,000,000 GMB Shares; and
(iii) issuance of one (1) Special Rights RPS to PETRONAS.

3.8 Principal details of the IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the Offer Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus. Our IPO comprises an Institutional Offering and a Retail Offering totalling 333,840,000 Offer Shares pursuant to an Offer For Sale by the Offerors as detailed below:

3.8.1 Institutional Offering

The Institutional Offering is made to Bumiputera institutional and selected investors approved by the MITI, and institutional and selected investors at the Institutional Price payable in full upon allocation and determined by way of bookbuilding.

The Institutional Offering involves the offering of 303,315,000 Offer Shares, representing approximately 23.62% of the existing issued and paid-up share capital of our Company in the following manner:

(i) 147,678,000 Offer Shares, representing 11.50% of the existing issued and paid-up share capital of our Company, are to be offered to Bumiputera institutional and selected investors approved by the MITI; and

(ii) 155,637,000 Offer Shares, representing approximately 12.12% of the existing issued and paid-up share capital of our Company, are to be offered to institutional and selected investors.

3.8.2 Retail Offering

The Retail Offering is made at the Retail Price payable in full upon application and subject to a refund of the difference in the event the Final Retail Price is less than the Retail Price.

The Retail Offering involves the offering of 30,525,000 Offer Shares, representing approximately 2.38% of the existing issued and paid-up share capital of our Company in the following manner:

(i) Allocation to the Eligible Directors and Employees

4,845,000 Offer Shares, representing approximately 0.38% of the existing issued and paid-up share capital of our Company, have been reserved for the Eligible Directors and Employees. Details of the allocation to the Eligible Directors and Employees are tabulated below:

Eligibility	No. of eligible persons	Aggregate number of Offer Shares allocated
Eligible Directors of our Company	9	870,000
Eligible employees of our Company	355	3,975,000
Total	**364**	**4,845,000**

All existing Directors of our Company (excluding our four (4) Alternate Directors) have been allocated 120,000 Offer Shares each, save for the three (3) independent Directors who were only appointed on 16 August 2011, namely Datuk Puteh Rukiah binti Abd Majid, Tan Lye Chong and Syed Abu Bakar bin S Mohsin Almohdzar. These independent Directors have been allocated 50,000 Offer Shares each.

All confirmed employees of our Company as at 29 February 2012 (including employees on contract), who have not tendered their resignation as at 17 May 2012, being the day prior to the issuance of this Prospectus, will be eligible for the number of Offer Shares allocated to them based on their respective job grades as at 29 February 2012.

(ii) Allocation via balloting to the Malaysian Public

25,680,000 Offer Shares, representing 2.00% of the existing issued and paid-up share capital of our Company, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions. Of the Offer Shares allocated under the Retail Offering, 12,840,000 Offer Shares, representing 1.00% of the existing issued and paid-up share capital of our Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions. Any Offer Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering.

3.9 Utilisation of proceeds

As our Company will not be issuing any new Shares under the IPO, it will not receive any proceeds from the IPO. The Board is of the view that our Company presently does not require additional equity funding for its business. The Offerors will receive the proceeds from the Offer For Sale. The gross proceeds arising from the Offer For Sale is expected to be approximately RM734.45 million based on the assumption that the Institutional Price is equivalent to the Retail Price.

3.10 Dividend policy

It is the policy of our Board in recommending dividends, to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth. In considering the level of dividend payments, if any, our Directors will take into account various factors including but not limited to the following, when recommending final dividends for approval by shareholders or when declaring any interim dividends:

(i) the level of our cash, gearing, return on equity and retained earnings;

(ii) our expected financial performance; and

(iii) our projected levels of capital expenditure and other investment plans.

For the past three (3) FYE 31 December 2009, 31 December 2010 and 31 December 2011, our gross dividend payout ratios were approximately 95%, 100% and 90% respectively of our Company's PAT.

For the FYE 31 December 2012, our Company intends to propose a dividend payout ratio of 100% of our Company's PAT under FRS and thereafter, our Company targets a dividend payout ratio of not less than 75% of our Company's PAT under FRS in each subsequent financial year, subject to the recommendation of our Board and to any applicable law, licence and contractual obligations and provided that such distribution would not be detrimental to our cash requirements or to any plans approved by our Board. Investors should note that this dividend policy merely describes our Company's present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modifications (including reduction or non-declaration thereof) at our Board's discretion.

4. DETAILS OF THE IPO

4.1 Opening and closing of applications

Applications for the Retail Offering will open at 10.00 a.m. on 18 May 2012 and will remain open until 5.00 p.m. on 25 May 2012, or such other date or dates as our Directors, the Offerors and the Joint Underwriters in their absolute discretion may decide.

4.2 Indicative timetable

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of the Institutional Offering and the Retail Offering	10.00 a.m., 18 May 2012
Closing of the Institutional Offering and the Retail Offering	5.00 p.m., 25 May 2012
Price Determination Date	25 May 2012
Balloting of applications for the Retail Offering	29 May 2012
Allotment of the Offer Shares to successful applicants	7 June 2012
Listing	11 June 2012

The Institutional Offering will open and close at the time and date stated above or such other date or dates as our Directors, the Offerors and the Sole Bookrunner may mutually decide at their absolute discretion. Applications for the Retail Offering will open and close at the time and date stated above or such other date or dates as our Directors, the Offerors and the Joint Underwriters may mutually decide at their absolute discretion.

In the event that the closing date and time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting and allotment of the Offer Shares, and the Listing may be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisement in Bahasa Malaysia and English daily newspapers widely circulated throughout Malaysia.

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4.3 Particulars of the IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the Offer Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus. Our IPO comprises an Institutional Offering and a Retail Offering totalling 333,840,000 Offer Shares pursuant to an Offer For Sale by the Offerors as detailed below:

4.3.1 Institutional Offering

The Institutional Offering is made to Bumiputera institutional and selected investors approved by the MITI, and institutional and selected investors at the Institutional Price payable in full upon allocation and determined by way of bookbuilding.

The Institutional Offering involves the offering of 303,315,000 Offer Shares, representing approximately 23.62% of the existing issued and paid-up share capital of our Company in the following manner:

(i) 147,678,000 Offer Shares, representing 11.50% of the existing issued and paid-up share capital of our Company, are to be offered to Bumiputera institutional and selected investors approved by the MITI; and

(ii) 155,637,000 Offer Shares, representing approximately 12.12% of the existing issued and paid-up share capital of our Company, are to be offered to institutional and selected investors.

4.3.2 Retail Offering

The Retail Offering is made at the Retail Price payable in full upon application and subject to a refund of the difference in the event the Final Retail Price is less than the Retail Price.

The Retail Offering involves the offering of 30,525,000 Offer Shares, representing approximately 2.38% of the existing issued and paid-up share capital of our Company in the following manner:

(i) Allocation to the Eligible Directors and Employees

4,845,000 Offer Shares, representing approximately 0.38% of the existing issued and paid-up share capital of our Company, have been reserved for the Eligible Directors and Employees. Details of the allocation to the Eligible Directors and Employees are tabulated below:

Eligibility	**No. of eligible persons**	**Aggregate number of Offer Shares allocated**
Eligible Directors of our Company	9	870,000
Eligible employees of our Company	355	3,975,000
Total	**364**	**4,845,000**

All existing Directors of our Company (excluding our four (4) Alternate Directors) have been allocated 120,000 Offer Shares each, save for the three (3) independent Directors who were only appointed on 16 August 2011, namely Datuk Puteh Rukiah binti Abd Majid, Tan Lye Chong and Syed Abu Bakar bin S Mohsin Almohdzar. These independent Directors have been allocated 50,000 Offer Shares each. For details on allocation to the Directors of our Company, please refer to Section 9.1.8 of this Prospectus.

All confirmed employees of our Company as at 29 February 2012 (including employees on contract), who have not tendered their resignation as at 17 May 2012, being the day prior to the issuance of this Prospectus, will be eligible for the number of Offer Shares allocated to them based on their respective job grades as at 29 February 2012.

(ii) Allocation via balloting to the Malaysian Public

25,680,000 Offer Shares, representing 2.00% of the existing issued and paid-up share capital of our Company, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions. Of the Offer Shares allocated under the Retail Offering, 12,840,000 Offer Shares, representing 1.00% of the existing issued and paid-up share capital of our Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions. Any Offer Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering.

In summary, the Offer Shares will be allocated in the following manner:

	Offer For Sale	
Categories	**No. of Offer Shares**	**% of the issued and paid-up share capital of our Company**
Institutional Offering:		
Bumiputera institutional and selected investors approved by the MITI	147,678,000	11.50
Institutional and selected investors	155,637,000	12.12
	303,315,000	23.62
Retail Offering:		
Malaysian Public (via balloting):		
- Bumiputera	12,840,000	1.00
- Non-Bumiputera	12,840,000	1.00
Eligible Directors and Employees	4,845,000	0.38
	30,525,000	2.38
Total	**333,840,000**	**26.00**

The completion of the Institutional Offering and the Retail Offering are inter-conditional. The IPO is subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.3.5 of this Prospectus.

4.3.3 Clawback and reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

(i) If the Offer Shares allocated to Bumiputera institutional and selected investors approved by the MITI are not fully taken up by the said Bumiputera institutional and selected investors (subject to satisfying the excess demand of Offer Shares by Bumiputera retail investors under the Retail Offering as mentioned in Section 4.3.2(ii) of this Prospectus), the Offer Shares will be made available to the institutional and selected investors;

(ii) In the event of an over-subscription in the Retail Offering and an under-subscription in the Institutional Offering, the Offer Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iii) If there is an under-subscription in the Retail Offering and there is an over-subscription in the Institutional Offering, the Offer Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

The clawback and reallocation shall not apply in the event of over-subscription for both the Institutional Offering and the Retail Offering.

In the event that the public shareholding spread requirement is not met pursuant to the Institutional Offering and the Retail Offering and/or if we and the Offerors decide in our absolute discretion not to proceed with the Listing, monies paid in respect of any application for the Offer Shares will be returned in full without interest.

4.3.4 Classes of shares and ranking

4.3.4.1 Ordinary Shares

The Offer Shares rank equally in all respects with our existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Offer Shares.

Subject to any special rights attaching to any Share which we may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on our Shares held by them, be entitled to share the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus after the holder of the Special Rights RPS has been repaid the capital paid up on the Special Rights RPS in accordance with our Articles of Association.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by a duly authorised representative. On a show of hands, every person present who is a member or representative or proxy of a member shall have only (1) vote. On a poll, each shareholder who is present either in person, by proxy, by attorney or by a duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act shall not apply to our Company.

4.3.4.2 Special Rights RPS

The Special Rights RPS, which is held by PETRONAS, carries certain special rights as provided by our Company's Articles of Association. These special rights include:

(i) prior written consent of the holder of the Special Rights RPS is required before the following matters can be effected:

(a) amendment, removal or alteration of our Company's Articles of Association relating to the rights of the Special Rights RPS and holder of the Special Rights RPS;

(b) the voluntary winding-up, liquidation or dissolution of our Company;

(c) the creation of a new category of shares in our Company;

(d) any proposal to reduce our Company's share capital;

(e) a sale or disposal of our 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 Requirements;

(f) any acquisition of assets by our 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;

(g) the change in nature of business and principal activities of our Company; and

(h) the suspension of the whole of our Company's operations;

(ii) the holder of the Special Rights RPS shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class of shareholders of our Company and to receive reports and audited financial statements of our Company, but the Special Rights RPS 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 Articles of Association and/or the Listing Requirements;

(iii) the holder of the Special Rights RPS, as the holder of a preference share, shall have the right to vote at any meeting convened in each of the following circumstances as provided for under the Listing Requirements:

(a) when the dividend or part of the dividend on the Special Rights RPS is in arrears for more than six (6) months, if applicable;

(b) on a proposal to reduce our Company's share capital;

(c) on a proposal for the disposal of the whole of our Company's property, business and undertaking;

(d) on a proposal that affects rights attached to the Special Rights RPS;

(e) on a proposal to wind up our Company; and

(f) during the winding-up of our Company.

A resolution in writing signed by or on behalf of the holder of the Special Rights RPS shall, for this purpose, be treated as a resolution duly passed by the holder of the Special Rights RPS in respect of the matters stated above;

(iv) the Special Rights RPS shall confer no rights to dividends for the holder of the Special Rights RPS;

(v) the holder of the Special Rights RPS has no right to appoint or nominate any Directors of our Company;

(vi) in a distribution of capital in a winding-up of our Company, the holder of the Special Rights RPS shall be entitled to repayment of the capital paid up on the Special Rights RPS in priority to any other shareholder. Save as otherwise provided in this paragraph, the Special Rights RPS shall confer no other rights to participate in the capital or profits of our Company; and

(vii) the holder of the Special Rights RPS may, subject to the provisions of the Companies Act, require our Company to redeem the Special Rights RPS at par at any time by serving written notice upon our Company and delivering the relevant share certificate.

4.3.5 Minimum subscription

There is no minimum subscription in terms of the proceeds to be raised by the Offerors. However, in order to comply with the public shareholding spread requirement of Bursa Securities, the minimum subscription in terms of the number of Offer Shares to be offered will be the number of Offer Shares required to be held by public shareholders of our Company to comply with the public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

In the event that the public shareholding spread requirement is not met pursuant to the Institutional Offering and the Retail Offering and/or if we and the Offerors decide in our absolute discretion not to proceed with the Listing, monies paid in respect of any application for the Offer Shares will be returned in full without interest and if such monies are not returned in full within 14 days after the Offerors become liable to do so, then the Offerors and the officers of the Offerors shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC upon expiration of that period until the full refund is made.

4.4 Basis of arriving at the Retail Price

4.4.1 Retail Price

Our Retail Price of RM2.20 per Offer Share was determined and agreed upon between our Directors, the Offerors and the Sole Bookrunner, after taking into consideration various factors, including but not limited to the following:

(i) The financial performance and operating history as described in Sections 7, 12 and 13 of this Prospectus;

(ii) Our buying and average selling prices of natural gas as set out in Section 12.1 of this Prospectus;

(iii) Our dividend policy as disclosed in Section 12.6 of this Prospectus;

(iv) The proforma consolidated NTA attributable to our shareholders as at 31 December 2011 of RM0.71 per GMB Share based on all the issued and paid-up ordinary shares pursuant to the Listing;

(v) Our competitive strengths and business strategies as described in Sections 7.3 and 7.4 of this Prospectus;

(vi) The future outlook of the industry we operate in, as described in Section 8 of this Prospectus; and

(vii) Prevailing market condition which include, among others, current market trends and investor sentiments.

The Final Retail Price will be determined after the Institutional Price has been fixed by way of bookbuilding on the Price Determination Date.

You should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM2.20 per Offer Share nor lower than the par value of our Shares.

The Final Retail Price and the Institutional Price are expected to be announced within two (2) Market Days from the Price Determination Date via Bursa LINK. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment.

Applicants should also note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the price of our Shares.

4.4.2 Institutional Price

The Institutional Price will be determined through a bookbuilding process wherein prospective investors will be invited to bid for portions of the Institutional Offering by specifying the number of Offer Shares in respect of the Institutional Offering that they would be prepared to acquire and the price that they would be prepared to pay for the Offer Shares in respect of the Institutional Offering. This bookbuilding commenced on 18 May 2012 and will end on 25 May 2012, or such other date or dates as our Directors, the Offerors and the Sole Bookrunner in their absolute discretion may decide. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Offerors in consultation with the Sole Bookrunner on the Price Determination Date.

4.4.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for application made via Application Form or by crediting into the successful applicants' account with the Participating Financial Institution for application made via the Electronic Share Application or by crediting into the successful applicants' account with the Internet Participating Financial Institution for application made via Internet Share Application within 10 Market Days from the date of final ballot of applications at the successful applicants' own risk.

4.4.4 Expected market capitalisation

Based on the Retail Price of RM2.20 per Offer Share, the total market capitalisation of our Company upon the Listing is estimated at RM2,824.80 million.

4.5 Objectives of the IPO

The objectives of the IPO are as follows:

(i) to facilitate the listing of and quotation for all the issued and paid-up ordinary shares of our Company on the Main Market of Bursa Securities;

(ii) to provide us with greater capital management flexibility and enable our Company to optimise our capital structure and cost of capital by accessing the equity capital markets;

(iii) to enhance our stature through our listing status;

(iv) to enhance the liquidity of our Shares; and

(v) to provide an opportunity for the investing community, including the Eligible Directors and Employees, to participate in our Group's continuing growth by way of equity participation.

4.6 Dilution

Dilution is the amount by which our proforma consolidated NA per Share after the IPO is less than the Retail Price to be paid for our Share. The proforma consolidated NA per Share represents the shareholders' equity of the Company attributable to the equity shareholders over the number of Shares outstanding immediately prior to the IPO. Our proforma consolidated NA per Share as at 31 December 2011 was RM0.71, based on 1,284,000,000 GMB Shares.

As illustrated in the proforma consolidated balance sheets of our Group as set out in Section 12.4 of this Prospectus, our proforma consolidated NA per Share would be RM0.71 pursuant to the implementation of IPO. There is no dilution in the proforma consolidated NA per Share to our Offerors. However, there is an immediate dilution in our proforma consolidated NA per Share of RM1.49, representing approximately 67.73% of the Retail Price to our new investors.

The following table illustrates such dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	RM
Retail Price	2.20
Proforma consolidated NA per Share as at 31 December 2011, before adjusting for the IPO	0.71
Proforma consolidated NA per Share after adjusting for the IPO	0.71
Dilution in proforma consolidated NA per Share to new investors	1.49
Dilution in proforma consolidated NA per Share to new investors as a percentage of the Retail Price	67.73%

4.7 Utilisation of proceeds

As our Company will not be issuing any new Shares under the IPO, it will not receive any proceeds from the IPO. The Board is of the view that our Company presently does not require additional equity funding for its business. The Offerors will receive the proceeds from the Offer For Sale. The gross proceeds arising from the Offer For Sale is expected to be approximately RM734.45 million based on the assumption that the Institutional Price is equivalent to the Retail Price.

4.8 Estimated expenses of the IPO

The expenses of the IPO to be borne by our Company are estimated to be RM4.10 million comprising the following:

	RM'million
Estimated professional fees	2.60
Fees to authorities	0.64
Other fees and expenses such as printing, advertising and travel expenses incurred in connection with the Listing	0.65
Miscellaneous expenses and contingencies	0.21
Total estimated listing expenses	**4.10**

The Offerors will bear its own professional fees, the brokerage, underwriting commission and placement fee, as well as other miscellaneous expenses in respect of the IPO, which is estimated to be approximately RM13.85 million.

Further details of the brokerage, underwriting commission and placement fee are set out in Section 4.9 of this Prospectus.

4.9 Brokerage, underwriting commission and placement fee

4.9.1 Brokerage

The Offerors will pay brokerage in respect of the sale of the Offer Shares pursuant to the Retail Offering at the rate of 1.00% of the Final Retail Price in respect of successful applications which bear the stamp of participating organisations of Bursa Securities, members of The Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. The Sole Bookrunner is entitled to charge brokerage to successful applicants under the Institutional Offering.

4.9.2 Underwriting commission

As stipulated in the Underwriting Agreement, the Offerors will pay the Joint Underwriters an underwriting commission of 1.45% of the amount equal to the Final Retail Price multiplied by the number of Offer Shares underwritten pursuant to the Retail Offering.

4.9.3 Placement fee

The Offerors will pay the Sole Bookrunner a placement fee of 1.45% of the amount equal to the Institutional Price multiplied by the number of Offer Shares offered pursuant to the offer for sale to Bumiputera institutional and selected investors approved by the MITI.

The Offerors will pay the Sole Bookrunner a placement fee of 1.45% and may pay a discretionary fee of up to 0.5% of the amount equal to the Institutional Price multiplied by the number of Offer Shares offered pursuant to the offer for sale to institutional and selected investors (excluding offer for sale to Bumiputera institutional and selected investors approved by the MITI).

The placement fee to be paid by the Offerors to the Sole Bookrunner will be funded by proceeds arising from the Offer For Sale.

4.10 Underwriting Agreement and Placement Agreement

4.10.1 Underwriting Agreement

Our Company and the Offerors had, on 11 May 2012, entered into the Underwriting Agreement with our Joint Underwriters to underwrite 30,525,000 Offer Shares ("Underwritten Shares") under the Retail Offering subject to clawback and reallocation provisions, and underwriting commission set out in Section 4.9.2 of this Prospectus.

The underwriting obligations of the Joint Underwriters are subject to the conditions precedent set out in the Underwriting Agreement which must be satisfied not later than three (3) Market Days after the closing date of the Retail Offering.

We, any of the Offerors or the Majority Underwriters (being any two (2) of the Joint Underwriters whose collective portion of the Underwritten Shares underwritten exceeds 50% of the Underwritten Shares in total) shall be entitled to terminate the Underwriting Agreement by notice in writing to the other parties of such intention if any of the following events occur and continues to subsist anytime prior to the closing date of the Retail Offering:

(a) if there is a material breach by us, any of the Offerors or the Joint Underwriters of any of the obligations, undertakings, warranties and representations set out in the Underwriting Agreement, including any obligation to disclose any information which is required to be disclosed pursuant to the terms of the Underwriting Agreement, in any respect;

(b) if there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Underwriters, our Company or the Offerors by reason of Force Majeure (as defined herein) which would have or can reasonably be expected to have a material adverse effect on the financial condition, management, assets, earnings, operations, business or prospects of our Group or which would reasonably be expected to materially prejudice the success of the IPO or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the party claiming Force Majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:

   (i) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;

   (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or

   (iii) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God;

(c) if, in the reasonable opinion of the Majority Underwriters after consultation with us and each of the Offerors, there shall have occurred a change, development or event which would reasonably be expected to have a material adverse effect on the financial condition, management, assets, earnings, operations, business or prospects of our Group;

(d) if any approvals for or incidental to the IPO (including the registration of this Prospectus with the SC or the approval of Bursa Securities for the listing of and quotation for the GMB Shares on the Main Market of Bursa Securities) is revoked or withdrawn or if any of the conditions for such registration, consents or approvals has not been fulfilled to the satisfaction of SC or Bursa Securities or waived by it (save in respect of conditions which can only be complied with after the IPO has been completed);

(e) if the obligations of the Joint Underwriters to subscribe for and/or procure subscriptions for the Underwritten Shares is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction;

(f) if there shall have occurred, happened or come into effect, any of the following circumstances (collectively "Triggering Event(s)"), namely:

(i) any substantial change in the financial condition of our Group as a whole;

(ii) any change in or introduction of any legislation, regulation, directive, policy, guideline or interpretation or application thereof by any court or other competent authority in any relevant jurisdiction in which any member of our Group conducts or carries on business;

and any such Triggering Event (i) results in a material adverse fluctuation or material adverse conditions in the securities market in Malaysia; (ii) would reasonably be expected to materially prejudice the success of the IPO or the dealings in the GMB Shares; (iii) would reasonably be expected to have a material adverse effect on the condition (financial or other), management, prospects, earnings, operations, business or prospects of our Company or our Group as a whole;

(g) if the FTSE Bursa Malaysia KLCI Index ("KLCI Index") is, at the close of trading on Bursa Securities on a Market Day:

(i) on or after the date of the Underwriting Agreement; and

(ii) on the Market Day immediately prior to the closing date of the Retail Offering,

20% lower than the level of the KLCI Index at the close of trading on Bursa Securities on the Market Day immediately prior to execution of the Underwriting Agreement and remains at or below that level for at least seven (7) consecutive Market Days at any time during the periods; or

(h) if any relevant regulatory authority (including but not limited to the SC and Bursa Securities) in Malaysia issues any directive, order, decision or ruling which has the effect of lawfully preventing our listing on Bursa Securities.

4.10.2 Placement Agreement

Our Company and the Offerors are expected to enter into the Placement Agreement with the Sole Bookrunner in relation to the Institutional Offering. Each of the Company and the Offerors will be requested to give various representations, warranties and undertakings and provide an indemnity, subject to applicable law, against all claims brought against the Sole Bookrunner by third parties due to any materially inaccurate information or material omission in this Prospectus and/or solely from the performance by the Sole Bookrunner of its obligations in its capacity as Sole Bookrunner under the Placement Agreement provided there is no breach on the part of the Sole Bookrunner.

4.11 Trading and settlement in secondary market

Upon Listing, the Offer Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (which is operated by Bursa Depository), which will be effected in accordance with the rules of Bursa Depository and the provisions of the SICDA as amended from time to time. Accordingly, our Company will not deliver share certificates to the purchasers of the Offer Shares.

Beneficial owners of our Shares are required under the rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in our Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to the respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares that are settled on a book-entry basis, although there is currently a transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS accounts may not be withdrawn from CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate a company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares shall trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that the Offer Shares will not commence trading on Bursa Securities until about 10 Market Days after the close of the Retail Offering. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

5. RISK FACTORS

An investment in our Shares involves risks. You should carefully consider the risks described below and the other information in this Prospectus before making a decision to invest. If the events underlying these risks occur, the trading price of our Shares could decline, and you could lose all or part of your investment. Additional risks not currently known to us or that we now believe are immmaterial could also harm us or affect your investment.

This document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this document.

5.1 Risks relating to the gas industry

5.1.1 Demand for gas is dependent on general economic and political conditions, and deterioration in such conditions would adversely affect the demand for gas and ultimately our business operations, profitability and financial condition

Demand for gas is typically dependent on the level of general economic activity and political conditions, both domestically and internationally, because gas is used in a wide range of industries across the economy. Increase in industrialisation will increase the demand of natural gas nationwide. Adverse political conditions could affect the general economic situation which in turn, could cause industries to lower production thus lowering consumption of natural gas which in turn, will affect our Group financially due to lower volume of gas sold. A prolonged economic downturn may affect our Company as many industries will either lower production or shut down their factories causing immediate loss of revenue to us.

It is not possible to predict accurately the supply and demand balances, general economic and market conditions and other factors that may affect industry operating rates and margins in the future. The uncertainty as to the growth trend of international trade and the general economic and political climate may continue to have an impact on our business operations, profitability and financial condition.

5.1.2 Volatility of international market prices for crude oil and MFO may adversely affect our buying and average selling prices of natural gas which are currently regulated by the Government

We operate in the oil and gas industry, which has historically been volatile in nature in terms of prices. The Government has taken into account the volatility of oil prices when regulating our buying and average selling prices of natural gas.

We cannot provide any assurance that the buying and average selling prices of natural gas will be maintained at the current revised prices in the future as we cannot assure that the Government will intervene to revise the buying and average selling prices of natural gas and this may have a material effect on our operating margins and business in the future.

5.1.3 The operational process for our gas is complex and hazardous

The operation of our gas facilities involves a variety of safety and other operating risks, including the handling, distribution and transportation of highly flammable gas. Because our business operations involve certain inherently hazardous activities, we are exposed to a number of additional risks, including fires, explosions and other unexpected or hazardous conditions that could cause personal injuries or death, property damage, environmental damage or interruption of our operations. Our employees, customers and residents in the vicinity of our gas pipelines facilities are exposed to these hazards. Additionally, any unexpected hazards or accidents which lead to personal injuries or death or other property damage suffered by our customers or third parties could potentially expose us to claims or actions by such affected parties including legal claims although the final outcome of such claims or actions would ultimately depend on whether there is any liability on our part for any such incidents or accidents. Although we believe that we have taken adequate steps to minimise these risks, and that we have appropriate insurance coverage in place, these types of risks cannot be completely eliminated.

We may experience difficulties in achieving targeted sales levels as a result of any of these risks. If we are unable to meet our targeted sales levels for a prolonged period because of technical failure at our sites or for any other reason, our sales would be adversely affected, which could have a material adverse effect on our business operations, profitability and financial condition.

As a gas utility company, we place strong emphasis on reliability of supply as well as health, safety, environmental and quality issues. Our Company maintains a 24-hour Operation Control Centre equipped with a Geographical Information System and Supervisory Control and Data Acquisition (SCADA) system at our headquarters to oversee our gas infrastructure throughout Peninsular Malaysia and to ensure the smooth supply of gas to our customers. Moreover, our Company's 24-hour emergency response teams will be despatched immediately upon notification through our dedicated emergency number.

Our Company's strong health, safety, environmental and quality track record is also evidenced by the maintenance of ISO 9001 : 2008 and ISO 14001 : 2004 certifications awarded by SIRIM QAS International Sdn Bhd. Our Company was also awarded the OHSAS 18001 : 2007 certification on 31 October 2008 for our occupational health and safety management systems.

5.1.4 Competition with other fuel substitutes such as coal, diesel, LPG and MFO

There are other fuel substitutes to natural gas such as coal, diesel, LPG and MFO. Notwithstanding that, currently natural gas remains the most economical source of energy in Malaysia as the price of natural gas regulated by the Government is lower compared to its substitutes such as coal, diesel, LPG and MFO. The usage of natural gas is also cleaner and more environmentally-friendly as compared to its substitutes.

We cannot provide any assurance that the price of natural gas, which currently is still based on the price as regulated by the Government, will continue to be lower than its substitutes such as coal, diesel, LPG and MFO in the future. In the event that the Government decides to intervene in our buying and average selling prices of natural gas to the extent where the price of natural gas is equivalent to or higher than the price of its substitutes, the demand for natural gas may be affected negatively and this may have a material effect on our operating margins and business in the future.

5.2 Risks relating to our business

5.2.1 Buying and average selling prices of natural gas which are regulated and approved by the Government as at LPD

As at LPD, the buying and average selling prices of natural gas are based on the prices as regulated and approved by the Government.

In August 2008, the Government regulated our buying price of natural gas at RM17.99 per MMBtu and our selling price at an average of RM22.06 per MMBtu.

Following the sharp fall of crude oil prices, in March 2009, the Government reduced our buying price of natural gas by 38.6% to RM11.05 per MMBtu and reduced our selling price by 32.0% from an average of RM22.06 per MMBtu to an average of RM15.00 per MMBtu.

On 30 May 2011, the Government announced the revision of natural gas prices with respect to electrical and non-electrical sectors commencing from 1 June 2011. As indicated in the announcement, the buying price of natural gas for our Company will be increased by RM3.00 per MMBtu every six (6) months beginning 1 June 2011 to December 2015 and our buying price of natural gas will be at market prices starting from 2016. The first (1[st]) revision to the natural gas price, commencing from 1 June 2011, entailed the revision of our buying price of natural gas upwards by 27.1% from RM11.05 per MMBtu to RM14.05 per MMBtu and the revision of our average selling price of natural gas upwards by 7.1% from an average of RM15.00 per MMBtu to RM16.07 per MMBtu. The first (1[st]) revision to the natural gas prices commencing 1 June 2011 was implemented and took effect in accordance with the notification and instruction from the Energy Commission to our Company on 31 May 2011.

The table below sets out our buying and average selling prices of natural gas beginning from 1 June 2011 to December 2015 as announced by the Government:

Sector		**Price before revision (RM/ MMBtu)**	**Revised price based on a fixed revision of RM3.00 per MMBtu every six (6) months***									
			2011		**2012**		**2013**		**2014**		**2015**	
			Jun	**Dec**	**Jun**	**Dec**	**Jun**	**Dec**	**Jun**	**Dec**	**Jun**	**Dec**
			(RM/MMBtu)									
Industrial	GMB	11.05	14.05	17.05	20.05	23.05	26.05	29.05	32.05	35.05	38.05	41.05
	Customers of GMB < 2 MMScfd (average)	15.00	16.07	19.12	22.16	25.21	28.05	31.10	34.15	37.20	40.25	43.30
(Source: Press statement dated 30 May 2011 published on Ministry of Energy, Green Technology and Water's official website www.kettha.gov.my)												
	GMB's average margin	3.95	2.02	2.07	2.11	2.16	2.00	2.05	2.10	2.15	2.20	2.25

(Source: Press statement dated 30 May 2011 published on Ministry of Energy, Green Technology and Water's official website www.kettha.gov.my)

Note:

* *The revised price based on a fixed revision of RM3.00 per MMBtu every six (6) months is in relation to GMB's buying price for natural gas.*

Nevertheless, as at LPD, the Energy Commission has yet to issue an instruction to our Company for the second (2^{nd}) revision of natural gas prices, scheduled to commence from 1 December 2011 onwards for the revision of our buying price and average selling price of natural gas to RM17.05 per MMBtu and RM19.12 per MMBtu respectively. Pending the instruction and notification to our Company from the Energy Commission, the buying price and average selling price of natural gas as at LPD remain at RM14.05 per MMBtu and RM16.07 per MMBtu respectively.

The gas supply industry, which we operate in, is governed by the GSA. In view that as at LPD, the buying and average selling prices of natural gas are regulated and approved by the Government, we cannot provide any assurance that the buying and average selling prices of natural gas will be maintained at the current revised prices in the future. If the buying price of natural gas is increased and such price increase is not allowed to be reflected in higher selling price charged to our customers or if the selling price of natural gas is reduced, our operating margins will be reduced accordingly and such reduction in operating margins may have a material adverse effect on our business operations, profitability and financial condition.

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5. RISK FACTORS *(Cont'd)*

In addition to the above, it should be noted that pursuant to the New Gas Supply Agreement, our buying price from PETRONAS from 1 January 2013 to 31 December 2022 is as follows:

Buying price under the New Gas Supply Agreement in accordance with the volume^ of gas supplied

	From 1 January 2013 until 31 December 2013		From 1 January 2014 until 31 July 2014		From 1 August 2014 until 31 December 2014		From 1 January 2015 until 31 December 2022	
	Gigajoule per day	MMScfd (approximate)	Gigajoule per day	MMScfd (approximate)	Gigajoule per day	MMScfd (approximate)	Gigajoule per day	MMScfd (approximate)
Maximum volume of gas supply contracted by PETRONAS per day which shall be subject to Government regulated price* ("DQ1")	414,721	382	414,721	382	325,697	300	325,697	300
Maximum volume of gas supply contracted by PETRONAS per day which shall be subject to LNG plus price ("DQ2")	43,426	40	75,996	70	165,020	152	208,446	192
Total	458,147	422	490,717	452	490,717	452	534,143	492

Notes:

* *Currently, the Government regulated price is as per the announcement made by the Government on 30 May 2011, details of which are set out above. As indicated in the announcement, the buying price of natural gas for our Company will be increased by RM3.00 per MMBtu every six (6) months beginning 1 June 2011 to December 2015 and the buying price of natural gas will be at market prices starting from 2016.*

^ *The volume of gas supplied is on a step-up basis.*

In view of the anticipated changes to the prices of natural gas, our Company intends to review the selling prices of natural gas and subject to such new selling prices being approved by the Energy Commission, our Company will revise the selling prices with all our customers. In the event the Energy Commission does not approve such new selling prices, we may resort to supply up to the DQ1 volume only, if it is not feasible to supply the DQ2 volume to our customers.

Therefore, whilst the Government had, by the press release on 30 May 2011, announced our buying and average selling prices beginning from June 2011 to December 2015, under the New Gas Supply Agreement signed with PETRONAS, our buying prices throughout the tenure of the New Gas Supply Agreement would be based on either Government regulated price and/or LNG plus price, depending on the volume to be supplied to us by PETRONAS.

Nevertheless, in respect of the pricing arrangements pursuant to the New Gas Supply Agreement as disclosed above, we cannot assure you that such arrangements will not have a material adverse effect on our business operations, profitability and financial condition in the event that we fail to implement the price revision with our customers. Additionally as highlighted earlier, in the event we have to resort to supply up to the DQ1 volume only, this may have a negative impact on our ability to expand our customer base.

5.2.2 As our business depends heavily on our gas pipelines, any significant damage to our gas pipelines may have a material adverse effect on our business operations, profitability and financial condition

As at LPD, we operate a total of approximately 1,800 km pipelines across Peninsular Malaysia, particularly in key industrial areas such as Shah Alam, Prai, Senawang, Bangi, Kamunting and Pasir Gudang. Our gas infrastructure design, construction and operation is to enable natural gas to be sold and delivered safely, reliably and efficiently. As illustrated in the NGDS diagram included in Section 7.8 of this Prospectus, our gas pipelines are connected from each city gate station which is predominantly owned and operated by PGB to the respective odoriser stations, district stations, service stations, area stations and regulating stations and ending at our industrial, commercial and residential end users. Any occurrence of damage, accident, explosion or natural disaster on any parts of the same gas pipeline facilities network may materially affect our gas supply and sales to our customers.

The biggest risk to our gas pipeline system is gas pipeline damage and rupture. The major cause of pipeline damage and rupture is due to third party activities within the vicinity of our gas pipeline system. Among the third party activities that can lead to gas pipeline damage and rupture are digging activities and piling works undertaken by heavy equipment such as excavators or piling machinery. The accidents caused by third parties which result in gas pipeline damage and rupture are mainly not prevented due to failure by them in giving prior notification to our Company on the activities being undertaken by the said third parties.

To mitigate the above risk, daily pipeline patrolling, supervision of third party activities and implementation of work permit system for third parties are measures taken to prevent damage to our gas pipelines. Furthermore, 24 hours communication access to our Operations Control Centre is made available to third parties to obtain information on our gas pipelines network. The location of our gas pipelines are indicated with warning and stone markers.

Apart from third party activities, our gas pipeline facilities may be subject to damage caused by material and construction defect, corrosion and ground movement. To ensure the integrity of our pipeline system, our Company has adopted a stringent standard for pipeline design, material selection and construction procedures to ensure the quality of gas pipelines constructed. Our pipes are coated with a high integrity coating system to prevent corrosion and damage to our pipelines.

Any significant damage to our gas pipeline facilities may have a material interruption in our supply of gas to our customers, which may result in loss of customers' confidence and adversely affect our business operations, profitability and financial condition. For the past three (3) FYE 31 December 2009, 2010 and 2011 and up to the LPD, our Group had encountered 27 pipeline leaks caused by third party works and eight (8) pipeline leaks a majority of which were caused by soil movement, resulting in an aggregate loss of approximately RM123,744 in revenue. Notwithstanding the above, as at LPD, we have not encountered any significant gas supply interruptions at our gas pipeline facilities that had a material adverse effect on our business operations, profitability and financial condition.

In addition, regular cathodic protection inspection, pipeline integrity and leakage surveys are carried out to ensure continuous protection from damage of gas pipelines. Supervisory Control and Data Acquisition (SCADA) system at strategic locations and well trained emergency response teams at all supply areas are established to manage these risks. Although we believe that we have taken adequate steps to minimise these risks, and that we have appropriate operation and maintenance programmes in place, we cannot assure you that the aforementioned risks can be completely eliminated.

5.2.3 Dependency on PETRONAS for supply of natural gas

On 18 August 1997, we signed the Existing Gas Supply Agreement with PETRONAS where PETRONAS is to supply us with natural gas. Starting from 2003 to 31 October 2009, the maximum amount of natural gas that PETRONAS agreed to supply us with was up to 150 MMScfd. We faced an ongoing challenge of securing more gas to meet the growing demand of our industrial, commercial and residential customers. On 1 November 2009, we signed the First Supplemental Agreement to the Existing Gas Supply Agreement with PETRONAS which resulted in an increase of the gas supply volume from 150 MMScfd to 300 MMScfd. On 12 July 2010, we signed the Second Supplemental Agreement to the Existing Gas Supply Agreement pursuant to which PETRONAS agreed that for the period commencing from 1 December 2009 until 31 December 2011, the maximum permissible offtake of natural gas on any day by us shall be increased by 82 MMScfd. Subsequently on 5 April 2011, PETRONAS has further agreed that the additional gas supply volume of 82 MMScfd shall be extended until 31 December 2012.

The Existing Gas Supply Agreement which took effect from 6 January 1993 is for a duration of 20 years and will expire on 31 December 2012.

In view of the impending expiry of the Existing Gas Supply Agreement, we signed the New Gas Supply Agreement with PETRONAS on 23 February 2012 to replace the Existing Gas Supply Agreement upon its expiry on 31 December 2012. The tenure of the New Gas Supply Agreement is for a period of 10 years but the New Gas Supply Agreement provides that our Company has the right to request for a further extension of five (5) years subject to the availability of gas supply and the renegotiation of any terms of the agreement, if requested by either ourselves or PETRONAS. The New Gas Supply Agreement is for the supply of natural gas of up to 534,143 gigajoule per day (which is equivalent to approximately 492 MMScfd) for the period commencing from 1 January 2013 until 31 December 2022 on a step-up basis. Details of the step-up volume pursuant to the New Gas Supply Agreement are as follows:

Period	Maximum gas supply volume from PETRONAS per day	
	Gigajoule per day	MMScfd (approximate)
1 January 2013 – 31 December 2013	458,147	422
1 January 2014 – 31 December 2014	490,717	452
1 January 2015 – 31 December 2022	534,143	492

As mentioned above, under the New Gas Supply Agreement, PETRONAS agreed to supply up to 534,143 gigajoule of natural gas per day (which is equivalent to approximately 492 MMScfd) for the period commencing from 1 January 2013 until 31 December 2022 on a step-up basis. Further particulars in respect of the availability of supplies and terms of both the Existing Gas Supply Agreement and New Gas Supply Agreement are set out in Sections 7.9.1 and 7.9.2 of this Prospectus.

If there are material interruptions in the supply of gas, or supply shortages or suspension due to gas deficiency from PETRONAS, our gas operations and delivery may be delayed or suspended, which may result in loss of customers and material loss of revenue. We cannot assure you that there will not be any non-scheduled material interruptions in the supply of gas from PETRONAS which may have a material adverse effect on our business operations, profitability and financial condition.

As one of the means to address any impact arising from interruptions in gas supply, it is our Company's practice to include in the contracts entered into with our customers for the sale and supply of natural gas, the relevant provisions to protect our Company's position vis-a-vis the customers in the event of interruptions in gas supply which are not within our Company's control. In terms of the provisions to protect our Company's position vis-a-vis the customers in the event of supply shortages or suspension by PETRONAS due to gas deficiency, it has been and will be included in the contracts entered into or to be entered into with our industrial and commercial customers for the sale and supply of natural gas.

Additionally, in the future, our Company may have the option of purchasing LNG from parties other than PETRONAS.

5.2.4 Our obligation in respect of take-or-pay for natural gas

Pursuant to the Existing Gas Supply Agreement and the New Gas Supply Agreement, we are liable to a take-or-pay ("T-O-P") obligation which obliges our Company to take the stipulated quantities of natural gas in any given year. This T-O-P obligation is expressed as an obligation to take up the stipulated percentages of the contracted quantity of natural gas supplied under the relevant agreements and is referred to as the T-O-P quantity.

Our Company is under an obligation to take and pay PETRONAS for the T-O-P quantity of natural gas as stipulated even if the actual quantity of natural gas taken by us is less than the T-O-P quantity.

In the event that we are unable to utilise up to the T-O-P quantity, we are still liable to pay PETRONAS for natural gas that has not been taken by us up to the T-O-P quantity. This may have a material adverse effect on our business operations, profitability and financial condition.

Notwithstanding the above, this T-O-P obligation will be passed through to our existing and future customers through the incorporation of a provision to cater for such T-O-P obligation in the new contracts to be entered into with all our industrial and commercial customers.

5.2.5 Surcharges imposed on us by PETRONAS

Under the Existing Gas Supply Agreement and the New Gas Supply Agreement, we are required to observe the excess gas pricing for natural gas taken above the stipulated quantity.

In the New Gas Supply Agreement, the excess gas pricing is imposed over any quantity of natural gas taken above 105% of the daily quantity contracted on any day. The excess gas pricing may impose a significant additional cost to our Company as any excess quantity of natural gas so taken shall be paid for based on the excess gas price in addition to the contracted price.

In addition to the excess gas pricing*, pursuant to the New Gas Supply Agreement which takes effect from 1 January 2013, surcharges are imposed on us such as overrun surcharge and variance surcharge which may have a material adverse effect on our business operations, profitability and financial condition. Details of the abovementioned surcharges are as follows:

- **Variance surcharge** – Variance surcharge is imposed for any quantity of natural gas taken outside the variance tolerance, which refers to any intake of natural gas in any given day that differs (whether positively or negatively) from the daily nominated quantity of natural gas quoted by us to PETRONAS by more than 5%, subject to any amendments to the PGB Network Code by PGB in relation to the variance surcharge from time to time.

- **Overrun surcharge*** – Overrun surcharge is imposed for any quantity of natural gas taken above the overrun tolerance, which refers to any quantity exceeding 102% of the maximum hourly limit set by us or the authorised overrun quantity agreed with PETRONAS, subject to any amendments to the PGB Network Code by PGB in relation to the overrun surcharge from time to time.

Note:

* *Under the New Gas Supply Agreement, we are only liable to pay for the excess gas pricing or the overrun surcharge, whichever is higher.*

In addition to the excess gas pricing, the imposition of variance surcharge and overrun surcharge on us which takes effect from 1 January 2013 onwards requires us to continue monitoring our customers' natural gas consumption to ensure that the capacity of natural gas allotted to us by PETRONAS matches the actual quantity of natural gas taken by us on any day and at any hour of the day. As the quantity of natural gas taken by us is dependent upon our customers' consumption and in order to limit our exposure to the excess gas pricing and surcharges, it is critical that we have appropriate monitoring procedures on our customers' hourly and daily gas consumption level to ensure that we can estimate the volume of natural gas required by us accurately.

While we can use all reasonable measures available to monitor the natural gas consumption level of our customers, we cannot control any unexpected increase or decrease in their intake arising from circumstances whether within or outside their control which may result in an overall over or under consumption of natural gas by our customers at each delivery point in any given day or at any hour of the day. Such situations may result in us being liable for additional charges under the excess gas pricing and/or the relevant surcharges.

Notwithstanding the above, this excess gas pricing and surcharges will be passed through to our existing and future customers through the incorporation of provisions to cater for such excess gas pricing and surcharges in the new contracts to be entered into with our industrial and commercial customers.

5.2.6 If we are unable to comply with the express conditions pertaining to the use of land endorsed on the issue documents of title of the relevant land ("Land Use Conditions") on which our stations are erected, this may result in us having to relocate the affected stations to other suitable locations

On 7 October 2011, the approval from the SC was granted for the IPO and the Listing under Section 212(5) of the CMSA and the equity requirements for public companies, subject to the conditions, *inter alia*, where GMB is to identify those plots of land erected with stations which are not designated for gas station use and rectify the non-compliance within 12 months from the date of the SC's approval letter for the Listing.

Pursuant thereto, we have identified that as at LPD, out of the plots of land on which our 1,020 gas stations are erected, there are 22 stations which have been identified as having been erected on land not designated for gas station use where we are in the midst of rectifying the same or where we have been following up with the relevant land owners or authorities to ascertain the respective Land Use Conditions. Further particulars with regard to the status for the relevant land are as follows:

No.	Description	Status	No. of stations				
			Odoriser Stations	District Stations	Regulating Stations	Area Stations	Total Stations
(i)	Stations built on land where we are the owner and the land is not designated for gas station use	• We are in the midst of fulfilling the requirements imposed by the relevant land offices to complete the application to amend the Land Use Conditions to include the use of the relevant land for the purpose of erecting gas stations.	-	3	-	-	3
(ii)	Stations built on land not owned by us	• For those plots of land which have been identified as land not designated for gas station use, we have requested the respective land owners to amend the Land Use Conditions to include the use of the land for the purpose of erecting gas station and are in the midst of following up and/or negotiating with the individual land owners.	-	6	1	6	13

No.	Description	Status	No. of stations				
			Odoriser Stations	District Stations	Regulating Stations	Area Stations	Total Stations
		• For those plots of land where we have not been able to ascertain the respective Land Use Conditions, we have been following up with the relevant land owners or authorities to ascertain whether the erection of our gas stations on the relevant land may contravene the respective Land Use Conditions.	2	4	-	-	6
			2	13	1	6	22

In respect of those plots of land owned by us which are not designated for gas station use, we have written to the relevant land offices in December 2011 to apply for consent to amend the Land Use Conditions to include the use of the relevant land for the purpose of erecting gas station and are in the midst of fulfilling the relevant requirements imposed by the relevant land offices to complete the application. If any of our applications is not approved by the relevant land authorities, we may appeal to the court within the period of three (3) months beginning with the date on which the decision of the relevant land authorities is communicated to us, and in the event that the outcome of our appeal to the court is not in our favour, we may have to relocate the affected gas stations to other locations where the erection of these stations will not contravene the Land Use Conditions of the relevant land if the relevant land authorities require us to do so.

We cannot assure you that all the approvals from the relevant land authorities will be obtained in the timeframe that we have anticipated or at all. In the event that our Company is required to relocate our stations to other locations where the erection of these stations will not contravene the Land Use Conditions of the relevant land, there can be no assurance that we are able to acquire or rent or lease such relevant land which would be within the proximity of our customers. Notwithstanding that, we do not expect the relocation costs to materially and adversely affect our business operations, profitability and financial condition.

In respect of those plots of land not owned by us which are not designated for gas station use, we shall exercise our best effort to request and negotiate with, to the extent possible, the respective land owners to amend the Land Use Conditions to include the use of the land for the purpose of erecting gas station. In the event that we are certain that we would not receive any response from the land owners; or that we are unable to arrive at a mutual agreement with the land owners to amend the Land Use Conditions; or that the relevant Land Use Conditions cannot be amended due to any unforeseen circumstances e.g. the applications to amend the relevant Land Use Conditions are not approved by the relevant land authorities or where it may not be feasible to amend the relevant Land Use Conditions due to high costs, we may have to relocate the affected gas stations to other locations in the event that the relevant land authorities require us to do so. We do not expect the relocation costs to materially and adversely affect our business operations, profitability and financial condition.

In respect of those plots of land not owned by us on which our gas stations are erected and where we are required to further ascertain the respective Land Use Conditions, we shall continue to follow up with the respective land owners or authorities until we are able to ascertain whether the erection of our gas stations on the relevant land may contravene the respective Land Use Conditions.

In the event that the relevant Land Use Conditions of those plots of land owned or not owned by us are unable to be amended to include the use of the land for the purpose of erecting gas stations and if we are unable to relocate our stations when instructed by the relevant authorities, we cannot assure you that the relevant land on which our stations are erected would not be forfeited by the relevant land authorities.

Notwithstanding the above, since the commencement of our operations until the LPD, we have not encountered any problems arising from the erection of our gas stations on the relevant land.

5.2.7 Our development and operational plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties

The gas business is capital intensive. Our ability to maintain and increase our revenues, net income and cash flows depends upon continued capital spending. Our actual capital expenditures may vary significantly from planned amounts due to various factors, including our ability to generate sufficient cash flows from operations to finance capital expenditures, ability to finance such expenditures through borrowings and ability to secure additional gas supply from PETRONAS for new customers.

We may incur substantial capital expenditures from time to time in connection with projects intended to expand our operational capacity or capabilities and improve our business. These projects may include, but are not limited to, construction of new gas pipelines to other new customers. Failure to successfully complete these projects in a timely manner due to inadequate capital resources or otherwise may have an adverse effect on our operations and the execution of our business plans. In addition, if we are unable to obtain sufficient funding for our planned capital expenditures, our business operations, profitability and financial condition could be adversely affected.

Our ability to obtain external financing and to make timely repayments of our debt obligations, if any, are subject to various uncertainties, including our future results of operations, financial condition and cash flows, the condition of the Malaysian economy and the demand for natural gas, the cost of financing and the condition of financial markets and the continuing willingness of banks to provide new loans. We cannot assure you that any required additional financing, either on a short-term or long-term basis, will be made available to us on satisfactory terms. If adequate funds are not available on satisfactory terms, we may have to curtail expansion plans, which could result in loss of new customers, the inability to successfully implement our business strategies and as such limit the growth of our businesses.

In addition, our investments in our subsidiaries could require our support, such as the provision of guarantees for bank financing activities, to fund these subsidiaries' operations.

5.2.8 We operate in a highly regulated industry, and if we are unable to maintain our gas supply licences and comply with the legislation required to operate our business, or if the Government decides to deregulate the gas industry, this may limit our ability to do business and/or subject us to litigation or penalties

We are licensed under the GSA by the Energy Commission, with the approval of the Minister. Our licence to supply and sell reticulated natural gas in Peninsular Malaysia was granted on 1 September 1998 and will expire on 1 September 2028. In addition, we have also been granted the licence to supply and sell reticulated LPG on 15 December 2000 and the said licence will expire on 15 December 2020. Our licensed activities are principally regulated by the Energy Commission.

The gas supply legislation provides a regulatory framework where both the Government and industry are expected to play a part in ensuring economical, quality, efficiency, reliability and safety in the use of natural gas and LPG. Standards are set by the GSA for appropriate systems and practices to be put in place. The Gas Supply Regulations 1997 provides a comprehensive set of preventive measures to ensure the safety of gas pipelines and installations at each stage of the process such as during installation, commissioning, operation, maintenance, repair, upgrading and removal of the system. Provisions also exist to deal with foreseeable problems such as third party intrusions and tampering with the gas system.

Breach of, or non-compliance with, these laws and regulations may result in the suspension, withdrawal, non-renewal or termination of our licences or permits, or the imposition of penalties, by the relevant authorities. We may also be subject to stricter enforcement or interpretation of existing laws and regulations. In the future, we may be required to renew these licences or to obtain new licences. While we have not experienced any requirement to obtain any new licence, we cannot assure you that in the future the relevant authorities will not issue any new requirement to obtain new licences. The suspension, withdrawal, non-renewal or termination of our licences or permits, the imposition of penalties or increased compliance costs could have a material adverse effect on our business operations, profitability and financial condition.

Further to the above, in the event the Government decides to deregulate the gas service industry in Peninsular Malaysia, our business model and the competitive environment of the industry which we operate in may be different which could materially adversely affect our business operations, profitability and financial condition.

5.2.9 Collection risk

We grant a credit period to our customers of within 30 days. A late payment charge of 1.0% per month may be imposed on the outstanding balance of customers who fail to settle their payments within the stipulated credit period of 30 days. The supply of gas will be disconnected if gas bills are outstanding for more than 40 days.

Collection risk is minimised as our Company imposes a two (2)-month bank guarantee of the average monthly gas bill of each customer on new and all existing customers except for one of our industrial customers. A credit review committee meets every two weeks and closely monitors our receivables profile. All the precautionary measures taken to minimise collection risks may protect us from cost increases but does not protect us from loss of business and reduced profitability as our Group's profitability is subject to the ability of the customers to pay for the amount of gas supplied.

5.3 Risks relating to our Company

5.3.1 Industrial market makes up approximately 99.1% and 99.2% of the total volume of natural gas sold for the FYE 31 December 2010 and 31 December 2011 respectively

Approximately 99.1% and 99.2% of our total sales volume of natural gas were sold to the industrial sector in the FYE 31 December 2010 and the 31 December 2011 respectively. Currently, our customer base consists of diverse industries such as food and beverage, rubber, non-metallic minerals, glass, fabricated and basic metal, chemicals, electric and electronics, paper, printing and publishing, textiles, hotels, shopping malls as well as hospitals.

We expect that our heavy reliance on the industrial sector to drive our profits will continue into the future and as a result, any adverse changes in the economic climate of the country and the industrial sector could have a material adverse effect on our business operations, profitability and financial condition.

5.3.2 Rights of the holder of the Special Rights RPS

As part of the Pre-IPO Exercise, one (1) Special Rights RPS at an issue price of RM0.50 was issued to PETRONAS. Our Company adopted the special rights attached to the Special Rights RPS via amendments to the Memorandum and Articles of Association of our Company. The special rights include, *inter alia*, the following:

(i) prior consent of PETRONAS is required for a sale or disposal of our 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 Requirements;

(ii) prior consent of PETRONAS is required for any acquisition of assets by our 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; and

(iii) prior consent of PETRONAS is required for any proposal for change in nature of business and principal activities of our Company.

Notwithstanding that certain transactions may be beneficial to our Company and our shareholders, it is PETRONAS' prerogative whether it wishes to grant its consent for us to undertake such transactions.

5.3.3 We may not be able to attract and retain key management personnel and employees with specialised skills

We depend on our Directors, key management personnel and workers with specialised skills, particularly in the design and engineering, project management, operation and maintenance as well as quality and safety assurance areas, to manage our Group's operations. The loss of any of these individuals, or our inability to attract, recruit and retain appropriate replacement employees and successors, may adversely affect our business operations, profitability and financial condition.

We have implemented human resource management and development plans that attempt to manage issues involving recruitment, retention, succession planning, compensation, benefits, learning and development.

5.3.4 Our insurance may not have adequate coverage for, and may not cover, all risks to which we are exposed

Our business is subject to inherent risks, such as equipment defects, malfunctions, failures or leakage, which could cause leaks or spills, personal injury or loss of life, as well as damage to the environment through massive fire as natural gas is highly flammable. We could also be adversely affected by business interruptions caused by war, terrorist activities, mechanical failure, human error, political action, fire and other circumstances or events.

While we have insurance coverage for various aspects of our business, our insurance coverage may not cover, or may be insufficient to cover, all losses that we suffer. Claims arising from incidents involving an accident, failure or other incidents arising from our operations may result in incurring primary or secondary liability for significant amounts of damages, including from tort, statutory, regulatory or other types of claims that may be significantly in excess of our insurance coverage. If we incur substantial liability and the damages are not covered by insurance or exceed policy limits, or if we are unable to obtain liability insurance, our business operations, profitability and financial condition could be materially adversely affected. Even if certain risks are currently covered by insurance, there is no assurance that such insurance will be generally available in the future or that premiums will be commercially justifiable.

5.3.5 Control by a substantial shareholder

As disclosed in Section 9.3.1 of this Prospectus, upon completion of our IPO, MMC-Shapadu will own about 40.7% of our enlarged issued and paid-up share capital and thus will be able to exercise control of more than 33% of our Company. The direct and indirect substantial shareholders of MMC-Shapadu are as set out in Section 9.3.2.1 of this Prospectus. As the controlling shareholder of our Company, other than in respect of certain votes regarding matters in which it is an interested party and must abstain from voting under the Listing Requirements, MMC-Shapadu will be able to influence the election of our Directors, and the approval of any corporate proposals or transactions requiring the approval of our shareholders.

Although we will be required to comply with the conflict of interests rule under the Listing Requirements, the interests of MMC-Shapadu may differ from or conflict with the interests of other shareholders of our Company.

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5.4 Risks relating to the IPO

5.4.1 An active trading market for our Shares may not develop, and our trading price may fluctuate significantly

Prior to the IPO, no public market for our Shares existed. On 31 October 2011, we obtained the approval of Bursa Securities for the listing of and quotation for our Shares on the Main Market of Bursa Securities. However, a listing on the Main Market of Bursa Securities does not ensure that there will be a liquid public market for our Shares after the IPO. If an active public market for our Shares does not develop after the IPO, the market price and liquidity of our Shares may be adversely affected.

The Institutional Price and the Retail Price were determined through negotiations among us, our Promoters/ Offerors and the Sole Bookrunner, and they may not necessarily be indicative of the market price after the IPO is completed. The prices at which our Shares will trade after the IPO will be determined by the marketplace and may be influenced by many factors, including but not limited to:

(i) our financial results;

(ii) the history of, and the prospects for, our business and the industry in which we compete;

(iii) an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and cost structures;

(iv) the present state of our development;

(v) the valuation of publicly-traded companies that are engaged in business activities similar to us; and

(vi) volatility in the securities markets of Malaysia.

You may be unable to resell our Shares at or above the Final Retail Price and, as a result, you may lose all or part of your investment.

5.4.2 Sales of substantial amount of our Shares in the public or private market, or the perception that those sales may occur, could materially and adversely affect the prevailing market price of our Shares

Upon completion of the IPO, the Offerors will own between 14.80% and 40.70% of the total issued and paid-up share capital of our Company. The Offerors have undertaken not to transfer their respective Shares for a period of six (6) months after the completion of the IPO. However, upon completion of this six (6)-month lock-up period, we cannot provide any assurance that the Offerors will not dispose of any large blocks of our Shares in the future to the public or to a strategic or financial investor. Sales of substantial amount of our Shares in the public or private market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of our Shares.

5.4.3 If there is significant volatility in the price of our Shares following the IPO, you may lose all or part of your investment, and securities litigation or enforcement action may be brought against us

Following the IPO, the price at which our Shares will trade may be volatile. The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly-traded companies.

In the past, following periods of volatility in the market price of a particular company's securities, securities litigation or securities enforcement action has sometimes been brought against that company. If similar litigation or enforcement action were instituted against us, it could result in substantial costs and divert management's attention and resources from our core business.

5.4.4 Certain transactions that our Company may undertake subsequent to the Listing may dilute the ownership of shareholders in our Shares

As a result of adjustments from rights offerings, certain issuances of new Shares and certain other actions we may take to modify our capital structure subsequent to the Listing, shareholders may experience a dilution in their ownership of our Shares. There can be no assurance that we will not take any of the foregoing actions. Similar actions in the future may adversely affect the market price of our Shares.

5.4.5 There may be a delay or cancellation of the Listing

The occurrence of any one or more of the following events may cause a delay in or cancellation of the Listing:

(i) the Sole Bookrunner exercises its rights subject to the terms and conditions of the Placement Agreement to discharge itself from its obligations; or

(ii) the Joint Underwriters exercise their rights subject to the terms and conditions of the Underwriting Agreement to discharge themselves from their obligations; or

(iii) we and our Promoters/ Offerors decide in our absolute discretion not to proceed with the Listing; or

(iv) we are unable to meet the public shareholding spread requirement as determined by Bursa Securities of having at least 25% of the issued and paid-up ordinary shares of GMB being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO and at the point of Listing.

5.4.6 We may not be able to fulfil our dividend policy in the future

We intend to adopt a policy of active capital management. We propose to pay dividends out of cash generated by our operations after setting aside the necessary funding for gas pipelines expansion and improvement and working capital needs. For the FYE 31 December 2012, our Company intends to propose a dividend payout ratio of 100% of our Company's PAT under FRS and thereafter, our Company targets a dividend payout ratio of not less than 75% of our Company's PAT under FRS in each subsequent financial year, subject to the recommendation of our Board and to any applicable law, licence and contractual obligations and provided that such distribution would not be detrimental to our cash requirements or to any plans approved by our Board.

Dividend payments are not guaranteed and our Board may decide, in its absolute discretion, at any time and for any reason, not to pay dividends or to change our dividend policy. If we are unable to fulfill our dividend policy, or pay dividends at levels anticipated by our investors, the market price of our Shares may be negatively affected and the value of the investment in our Shares may be reduced.

Further, our dividend policy, to the extent implemented, may adversely affect our ability to fund unexpected capital expenditures as well as our ability to service interest and principal repayments on our loans (if any). As a result, we may be required to borrow additional money or raise capital by issuing new equity securities, which may not be obtained on attractive terms or at all. Further, in the event we incur new borrowings subsequent to the Listing, we may be subject to covenants restricting our ability to pay dividends.

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6. INFORMATION ON OUR GROUP

6.1 Our Company

We were incorporated in Malaysia under the name Gas Malaysia Sdn Bhd on 16 May 1992 under the Companies Act pursuant to a joint venture agreement entered into between MMC-Shapadu, Tokyo Gas-Mitsui and PETRONAS on 30 March 1992. We commenced business on 16 May 1992. In December 2000, our Group, via GM(LPG) expanded our business to include the supply of reticulated LPG to the industrial, commercial and residential sectors within Peninsular Malaysia. On 11 September 2006, PETRONAS transferred its shares in our Company, save for the Special Share, to PGB. Subsequently, on 19 August 2011, we were converted into a public company. The principal activity of our Company is to sell, market and distribute natural gas as well as construct and operate the NGDS in Peninsular Malaysia. The principal activities of our subsidiaries, GM(LPG) and PTSB are the supply and sale of LPG via a reticulation system and property holding respectively.

Our headquarters is situated in Shah Alam, Selangor Darul Ehsan. As at LPD, we have three (3) regional offices, located in Prai, Gebeng and Pasir Gudang, and seven (7) branch offices located in Kuala Lumpur, Shah Alam, Bangi, Kluang, Putrajaya, Senawang and Sri Manjung, to provide efficient operations and maintenance and effective customer service.

6.2 Pre-IPO Exercise

In conjunction with, and as an integral part of our listing of and quotation for all the issued and paid-up ordinary shares of our Company on the Main Market of Bursa Securities, we implemented the following pre-IPO exercises:

6.2.1 Acquisition by PGB of the Special Share from PETRONAS and removal of the special rights and powers attached to the Special Share ("Acquisition of Special Share")

We were jointly held by the following shareholders:

	Direct equity interest in our Company	
Shareholders	**Number of ordinary shares of RM1,000 each in our Company**	**%**
MMC-Shapadu	353,108	55.00
Tokyo Gas-Mitsui	160,503	25.00
PGB	128,388	20.00
PETRONAS	1*	#
	642,000	100.00

Notes:

* *Special Share.*
\# *Less than 0.01%.*

On 23 April 2012, PGB acquired the Special Share from PETRONAS for a cash consideration of RM4,400 which was arrived at on a willing buyer-willing seller basis. Upon transfer of the Special Share to PGB, the special rights and powers which were attached to the Special Share were removed on 23 April 2012 via termination of the Joint Venture Agreement and amendments to the Memorandum and Articles of Association of our Company. As at 30 April 2012, PGB is a 60.66%-owned subsidiary of PETRONAS.

6.2.2 Subdivision of 642,000 ordinary shares of RM1,000.00 each in our Company into 1,284,000,000 GMB Shares

Our Company undertook a subdivision of one (1) ordinary share of RM1,000.00 each into 2,000 GMB Shares, which resulted in an increase in the number of issued and paid-up ordinary shares in our Company from 642,000 ordinary shares of RM1,000.00 each to 1,284,000,000 GMB Shares. The subdivision of shares was effected on 23 April 2012 to facilitate the Offer For Sale and Listing.

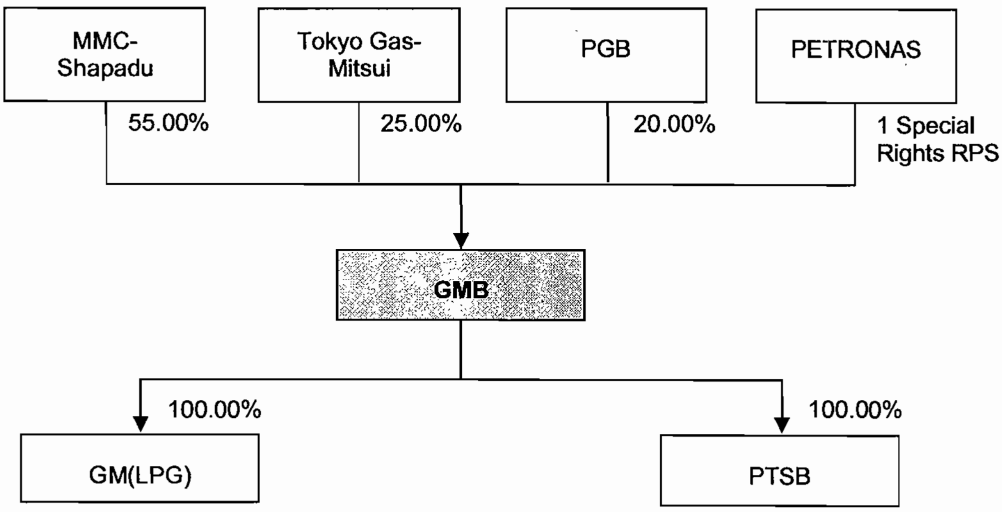
6.2.3 Issuance of one (1) Special Rights RPS to PETRONAS ("Issuance of Special Rights RPS")

On 23 April 2012, our Company issued one (1) Special Rights RPS at an issue price of RM0.50 to PETRONAS and adopted the special rights attached to the Special Rights RPS via amendments to the Memorandum and Articles of Association of our Company.

6.3 Our corporate structure

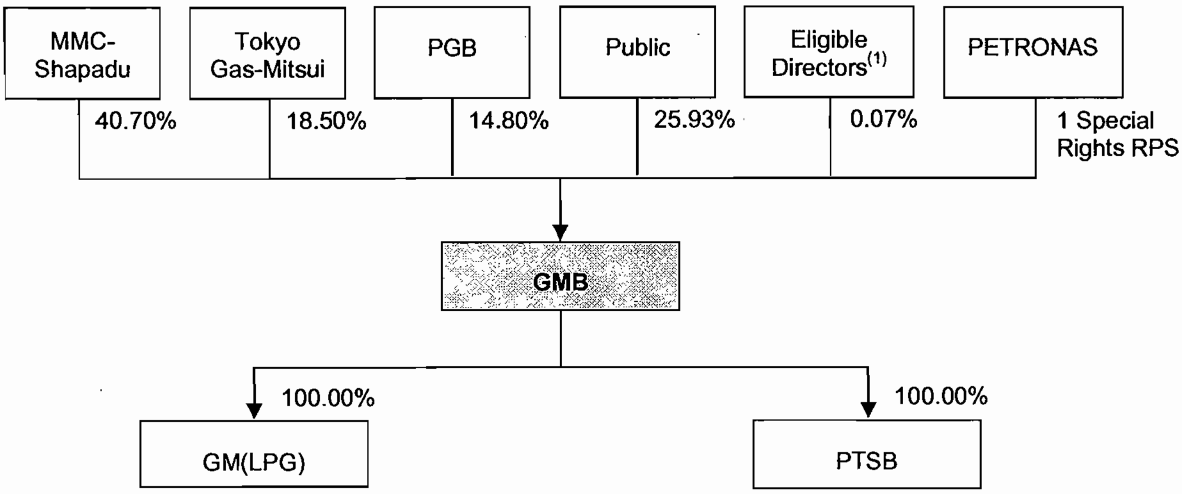
6.3.1 After the Pre-IPO Exercise and prior to the IPO

Our corporate structure after the Pre-IPO Exercise and prior to the IPO is set out below:



6.3.2 Upon the IPO

Our corporate structure upon the IPO is set out below:



Note:

(1) *870,000 GMB Shares representing 0.07% of the issued and paid-up share capital of our Company will be allocated to eligible Directors of our Company which are deemed non-public.*

6.4 Share capital and changes in share capital

As at LPD, our authorised share capital is RM1,000,000,000 comprising 1,999,999,900 ordinary shares of RM0.50 each and 100 preference shares of RM0.50 each. Our current issued and paid-up share capital is RM642,000,000.50 comprising 1,284,000,000 Shares and 1 Special Rights RPS.

Details of the changes in our issued and paid-up share capital since our incorporation up to the LPD are as follows:

Date of allotment	No. of ordinary shares/Special Rights RPS	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
16.05.1992	3 shares	1,000.00	Cash (Subscribers' shares)	3,000
24.08.1992	8,697 shares	1,000.00	Cash	8,700,000
17.03.1993	14,000 shares	1,000.00	Cash	22,700,000
28.01.1994	3,600 shares	1,000.00	Cash	26,300,000
28.04.1994	9,000 shares	1,000.00	Cash	35,300,000
29.07.1994	7,500 shares	1,000.00	Cash	42,800,000
28.11.2008	599,200 shares	1,000.00	Bonus issue on the basis of 14 new ordinary shares of RM1,000.00 each in GMB for every one (1) existing ordinary share of RM1,000.00 each in GMB	642,000,000

Date of allotment	No. of ordinary shares/Special Rights RPS	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
23.04.2012	1,284,000,000 Shares	0.50	Subdivision of ordinary shares with par value of RM1,000.00 each to RM0.50 each	642,000,000
23.04.2012	1 Special Rights RPS	0.50	Issuance of Special Rights RPS to PETRONAS	642,000,000.50

6.5 Subsidiaries

As at LPD, our subsidiaries and their principal activities are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital	Effective interest	Principal activities
		RM	%	
GM(LPG)	25 March 1992 Malaysia	10,000,000	100.00	Supply and sale of LPG via a reticulation system
PTSB	7 April 1993 Malaysia	5,000	100.00	Property holding

Set out below are further information on our subsidiaries.

6.5.1 Direct subsidiary of our Company

(a) GM(LPG) (Company No. 237042-T)

(i) History and business

GM(LPG) was incorporated in Malaysia under the Companies Act on 25 March 1992 as a private limited company under the name Excellent Pillar (M) Sdn Bhd and subsequently changed its name to MMC (Vietnam) Holdings Sdn Bhd on 20 July 1992. On 11 November 2000, GM(LPG) changed its name to its present name.

GM(LPG) commenced business in November 2000. The principal activity of GM(LPG) is the supply and sale of LPG via a reticulation system.

(ii) Share capital

As at LPD, the authorised share capital of GM(LPG) is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of GM(LPG) is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of GM(LPG) since its incorporation up to the LPD, are as follows:

Date of allotment	No. of ordinary shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
25.03.1992	2	1.00	Cash (Subscribers' shares)	2
31.01.2001	7,400,000	1.00	Cash	7,400,002
13.02.2001	2,599,998	1.00	Cash	10,000,000

(iii) Substantial shareholders

GM(LPG) is a wholly-owned subsidiary of our Company.

(iv) Subsidiary and associate company of GM(LPG)

As at LPD, GM(LPG) does not have any subsidiary or associate company.

(b) PTSB (Company No. 260737-M)

(i) History and business

PTSB was incorporated in Malaysia under the Companies Act on 7 April 1993 as a private limited company under its present name.

PTSB commenced business in January 1999. The principal activity of PTSB is property holding. Currently, PTSB owns the piece of land where our headquarters is situated.

(ii) Share capital

As at LPD, the authorised share capital of PTSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PTSB is RM5,000 comprising 5,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of PTSB since its incorporation up to the LPD, are as follows:

Date of allotment	No. of ordinary shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
07.04.1993	2	1.00	Cash (Subscribers' shares)	2
05.05.1993	4,998	1.00	Cash	5,000

(iii) **Substantial shareholders**

PTSB is a wholly-owned subsidiary of our Company.

(iv) **Subsidiary and associate company of PTSB**

As at LPD, PTSB does not have any subsidiary or associate company.

Our Group does not have any outstanding warrants, options, convertible securities and uncalled capital as at LPD.

As at LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

6.6 Material capital expenditures and divestitures

The following table sets forth our capital expenditures and divestitures (which include property, plant and equipment) for the past three (3) FYE 31 December 2009, 31 December 2010 and 31 December 2011:

Description	FYE 31 December		
	2009	2010	2011
		(RM'000)	
Investment			
Freehold properties	-	-	4,371
Building - leasehold	744	-	-
Motor vehicle	3,014	364	699
Office and gas equipment	1,411	1,330	5,463
Furniture and fittings	-	12	119
Office renovation	81	148	420
Pipelines system[(1)]	34,602	64,575	61,123
Capital work-in-progress	63,576	67,756	27,289
Divestment			
Motor vehicle	3,120	254	-
Office and gas equipment	4,925	436	312
Furniture and fittings	728	16	3
Office renovation	425	-	-
Capital work-in-progress[(2)]	52,931	60,167	64,100

Notes:

(1) *Net of capital contribution from our customers.*

(2) *This represents reclassification of capital work-in-progress to other asset classes under investment upon such works being completed.*

7. BUSINESS OVERVIEW

7.1 Overview

We were established to sell, market and distribute natural gas as well as construct and operate the NGDS within Peninsular Malaysia. The NGDS that we operate is a network of natural gas pipelines which connects to the PGU. Natural gas is supplied by PETRONAS to us at transfer points known as city gate stations which are predominantly owned and operated by PGB. Natural gas is transferred to the NGDS through the PGU. In December 2000, our Group, via GM(LPG), expanded our business to include the supply of reticulated LPG to the industrial, commercial and residential sectors within Peninsular Malaysia. As at LPD, GM(LPG) purchases LPG from PETRONAS Dagangan Berhad and Boustead Petroleum Marketing Sdn Bhd. The expansion enabled us to supply LPG to locations not served by the NGDS. As at LPD, we operate a total of approximately 1,800 km pipelines across Peninsular Malaysia serving 700 industrial customers, 519 commercial customers and 10,612 residential customers for natural gas. In relation to the supply of LPG, as at LPD, we serve 1 industrial customer, 1,132 commercial customers and 20,663 residential customers.

We are the only company licensed under the GSA by the Energy Commission, with the approval of the Minister, to supply and sell reticulated natural gas in Peninsular Malaysia. The licence to supply and sell reticulated natural gas was granted on 1 September 1998 and will expire on 1 September 2028. In addition, we have also been granted the licence to supply and sell reticulated LPG on 15 December 2000 and the said licence will expire on 15 December 2020. Our licensed activities are principally regulated by the Energy Commission. The Director General of Gas Supply (whose functions are now performed by the Energy Commission), in consultation with the Minister, may extend the period of the licences to supply and sell reticulated natural gas and LPG respectively upon the terms and conditions as he considers fit to impose.

Our headquarters is situated in Shah Alam, Selangor Darul Ehsan. As at LPD, we have three (3) regional offices, located in Prai, Gebeng and Pasir Gudang, and seven (7) branch offices located in Kuala Lumpur, Shah Alam, Bangi, Kluang, Putrajaya, Senawang and Sri Manjung, to provide efficient operations and maintenance as well as effective customer service.

Our mission is to provide the cleanest, safest, most cost effective and reliable energy solutions to the nation. Currently, our customer base consists of diverse industries such as food and beverage, rubber, non-metallic minerals, glass, fabricated and basic metal, chemicals, electric and electronics, paper, printing and publishing, textiles, hotels, shopping malls as well as hospitals.

In line with our vision to be an innovative energy solutions provider which supports the Government's effort to improve energy efficiency, we have taken the initiative to introduce and promote a new energy utilisation technique to our customers, i.e CHP. This solution will enable customers to utilise more energy from the same volume of gas consumed, thus significantly reducing their total energy cost.

As at 31 December 2011, our Group had total assets of RM1,474.4 million and shareholders' equity of RM1,009.5 million. For the FYE 31 December 2011, we generated PAT of RM229.2 million on revenue of RM2,000.2 million.

7.2 Key milestones and achievements

The table below includes the dates and description of significant events in our corporate history:

Date	Description
30 March 1992	Joint venture agreement entered into between MMC-Shapadu, Tokyo Gas-Mitsui and PETRONAS ("JVA")
16 May 1992	We were incorporated as a private company
18 August 1997	Signing of the Existing Gas Supply Agreement for the supply of gas between PETRONAS as the seller and our Company as the buyer
1 September 1998	We obtained the Natural Gas Distribution Licence
1 February 2000	We were awarded with the certificate for implementing a Quality Management System which complies with MS ISO 9002 : 1994 (upgraded to ISO 9001 : 2008 and the issue date of the current certificate is 29 October 2009)
15 December 2000	We obtained the LPG Distribution Licence
1 February 2003	We were awarded with the certificate for implementing an Environmental Management System which complies with MS ISO 14001 : 1997 (upgraded to MS ISO 14001 : 2004 on 20 May 2006 and the issue date of the current certificate is 23 December 2011)
1 June 2003	We achieved two (2) million man hours without lost time injury
28 February 2007	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 our Company to its subsidiary, PGB, save for the Special Share retained by PETRONAS, on 11 September 2006
24 October 2007	We were awarded with the certificate for implementing an Occupational Health and Safety Management System which complies with OHSAS 18001 : 1999 (upgraded to OHSAS 18001 : 2007 on 31 October 2008 and the issue date of the current certificate is 23 November 2010)
1 November 2009	Signing of First Supplemental Agreement to the Existing Gas Supply Agreement between PETRONAS as the seller and our Company as the buyer for the increase of gas supply from 150 MMScfd to 300 MMScfd
12 July 2010	Signing of Second Supplemental Agreement to the Existing Gas Supply Agreement between PETRONAS as the seller and our Company as the buyer for the increase of gas supply from 300 MMScfd to 382 MMScfd
19 August 2011	We were converted to a public company
23 February 2012	Signing of the New Gas Supply Agreement for the supply of gas between PETRONAS as the seller and our Company as the buyer
23 April 2012	Termination of the Joint Venture Agreement

7.3 Our competitive strengths

7.3.1 We have wide strategic pipeline coverage in Peninsular Malaysia

As at LPD, we operate a total of approximately 1,800 km pipelines across Peninsular Malaysia. The PGU is the backbone for the NGDS in Peninsular Malaysia. Leveraging on the PGU, we are able to further extend our coverage to strategic areas as detailed in Section 7.6 of this Prospectus, where the majority of the industrial sectors are located. As the industrial sector in these areas expand and grow, we are poised to tap into this growth efficiently with minimal capital expenditure.

7.3.2 Our management and technical teams are experienced and competent with significant industry knowledge and exposure in the oil and gas industry

Our management and technical teams are composed of experienced personnel with significant industry knowledge and exposure in the oil and gas industry. We have proven track records in gas distribution as well as functional expertise across a broad spectrum of business activities from operations to sales and marketing. We believe that this strong team has led our Group to achieve the RM2.0 billion revenue milestone for the FYE 31 December 2011, and whose commitment, dedication and innovation will be the key to our Group's brighter future.

Based on this track record, we believe that our team is well equipped with the knowledge and experience to successfully manage and grow our Group's business.

7.3.3 We are committed to a high-level of customer service

Based on our track record for the past five (5) years up to the LPD, we have successfully fulfilled our contractual supplies to our customers with a reliability rate of gas supply of 99.9%. This demonstrates our reliability in the sale of natural gas. In addition, our experienced operation and maintenance team have managed to respond to all customer complaints within an average of 31 minutes from 1 January 2011 up to the LPD which is well within our standard operating procedure of responding within 90 minutes to all customer complaints.

We understand and appreciate that the conversion and building of a natural gas system is a large investment. Hence, to ensure our customers reap the benefits from this system, we work closely with our customers to ensure that their natural gas consumption needs are efficiently met. For example, we monitor and compare our customers' natural gas consumption against actual energy output. If the actual output is not optimal, our customers will be advised, after investigation, on the best methods to achieve optimum yields from their natural gas usage.

7.3.4 The properties of natural gas provide a competitive edge to our customers

In addition to the competitive strengths of our Group, there are also advantages of natural gas as a fuel source. Natural gas is an efficient energy source compared to other common fuel sources such as MFO, LPG, coal and diesel. The average heat combustion value of natural gas is higher than MFO, LPG, coal and diesel. Due to this efficiency, natural gas provides more thermal power to its users, thus, providing more energy output per weight.

In addition, natural gas is also considered a cleaner fuel source because it produces fewer pollutants. Specifically, natural gas produces less carbon dioxide (CO_2) per unit of heat produced compared to coal, diesel, LPG or MFO. The lower carbon nature of natural gas means it is cleaner and this translates to lower maintenance costs and less frequent outages for the machines that use natural gas. Furthermore, currently in Malaysia, at the average regulated price range of RM16.07 per MMBtu as at 1 June 2011, natural gas is one of the cheapest energy sources as compared to other fuels.

These properties of natural gas provide our customers with an edge over their competitors who utilise other fuel sources. Operating with natural gas enables our customers to run their operations more efficiently and at more competitive costs.

7.3.5 We benefit from a strong strategic relationship and support from our shareholders

As a result of the shareholding structure, we enjoy beneficial relationships with our shareholders, namely MMC-Shapadu, Tokyo Gas-Mitsui, PGB and PETRONAS. We believe our strategic relationship with our shareholders allows us to benefit from knowledge sharing of technical expertise as well as on-site personnel training. Our strong strategic relationships have allowed us to exchange ideas and share best practices and know-how as part of our on-going efforts to continuously enhance our capabilities.

7.4 Future plans and strategies

Expansion of our customer base

The apparent consumption of natural gas in Malaysia grew from about 315 billion cubic feet in 1990 to an estimated 1,260 billion cubic feet in 2010. This is a three-fold increase over the two-decade period, with a compounded annual growth rate (CAGR) of about 7.2%. The ability to satisfy Peninsular Malaysia's demand for gas has been constrained since 2007 as there continues to be challenges in bringing new supply sources to the market.

This shortage of natural gas may be addressed with the expected completion of the LNG regasification facility in Melaka by end of July 2012. As we have secured additional allocation of supply from PETRONAS, we will be expanding our area of coverage to new areas in Peninsular Malaysia.

Furthermore, natural gas is one of the cheapest energy sources in Malaysia at the current regulated price compared to other fuels. There are still a large number of industrial users currently utilising other fuel sources such as diesel, LPG and fuel oils who intend to convert to natural gas, but we have been unable to supply to these users due to the shortage of available natural gas in Malaysia previously. However, with the execution of the New Gas Supply Agreement where we have managed to secure additional allocation of supply from PETRONAS, we are now able to tap into these new and readily available customers.

With the Malaysian Institute of Economic Research forecasting the Malaysian economy to grow between 5.0% and 6.0% in year 2012, our existing customers' demand for natural gas consumption is estimated to increase in tandem as they increase production output and add future capacity, as well as the building of new plants via new domestic and foreign investments.

As at LPD, we have a total of 700 industrial customers for natural gas and any production expansion of these customers will likely result in the increase in their natural gas requirements.

(i) **Diversifying to CHP**

In addition to the above, to cater to the growing demand of gas from our existing customers and to meet our plans to increase our customer base, we have introduced our customers to diversify into CHP where we provide advisory and promotional services to them. As at LPD, we have 28 existing customers who are using CHP. The usage of CHP by our customers has contributed to some increase in gas demand and consumption from these customers have resulted in an increase in revenue from the sale of natural gas.

CHP is an energy efficient system that generates electricity (and/or mechanical energy) and thermal energy with a single fuel source. The thermal energy generated can be used for steam production, hot water or air-conditioning (chilled water) by using absorption chiller. This is in contrast with common practice where electricity is generated at a central plant (Tenaga Nasional Berhad / Independent Power Projects) and then converted on-site for heating and cooling energy requirement.

CHP has high thermal efficiency. Efficiencies of up to 90% are possible compared to 40% in conventional thermal generation and about 60% in combined cycle generation plants.

CHP will increase the efficiency of use of fuels and thus will lower the cost of generation. Distributed generation will reduce energy loss and improve the quality of supply. These will result in lower impact on the environment and prolong the life of Malaysia's fossil fuels reserves.

Based on our experience and track record in the industry, coupled with our sound technical and functional knowledge concerning CHP plants supplying natural gas to numerous CHP customers, we believe that we have the capability to diversify into the CHP business in which we plan to operate CHP plants for the sale and generation of electricity and thermal energy to our customers.

7.5 Products

Our principal activity is to sell, market and distribute natural gas as well as construct and operate the NGDS in Peninsular Malaysia. The principal activities of our subsidiaries, GM(LPG) and PTSB are the supply and sale of LPG via a reticulation system and property holding.

Our principal products are as follows:

Natural gas:

It is an odourless, colourless, gaseous hydrocarbon mixture made up of methane (CH_4) and a small percentage of other light hydrocarbons. Natural gas is found naturally underground. After it is processed, the gas is compressed and distributed through pipelines. Natural gas is commonly used as fuel and feed stock in industrial and commercial applications, such as in boilers, furnaces, ovens, as well as for air conditioning. Natural gas is a non-toxic gas which is lighter than air.

LPG:

It is a mixture of gases, mainly 30% propane (C_3H_8) and 70% butane (C_4H_{10}). LPG is commonly used as fuel in homes for cooking and heating as well as in industries. It is derived from a number of processes including refinery processes, crude oil stabilisation, and natural gas processing. LPG is a non-toxic gas which is heavier than air.

The revenue contribution from our principal products over the past three (3) FYE 31 December 2009, 2010 and 2011 are as follows:

Products	FYE 31 December					
	2009	%	2010	%	2011	%
	(in RM millions, except for percentages)					
Sale of natural gas	1,726.5	98.5	1,775.0	98.2	1,962.2	98.1
Tolling fees	10.9	0.6	13.0	0.7	14.4	0.7
Sale of LPG	15.7	0.9	19.5	1.1	23.6	1.2
Total	1,753.1	100.0	1,807.5	100.0	2,000.2	100.0

The following table sets forth our sales volume from the sale of natural gas, tolling fees and LPG in millions MMBtu and the daily average of natural gas volume in MMScfd for the periods indicated:

Products	FYE 31 December		
	2009	2010	2011
	(in millions MMBtu)		
Volume of natural gas	107.3	117.6	124.6
Volume of natural gas transported to PETRONAS NGV and GDC stations	10.7	12.3	13.1
Volume of LPG	0.2	0.2	0.3
Daily average of natural gas volume (in MMScfd)	287	315	336

7.6 Principal markets

We are the only company licensed under the GSA by the Energy Commission, with the approval of the Minister, to supply and sell reticulated natural gas in Peninsular Malaysia. As at LPD, we principally market and distribute natural gas to customers in Peninsular Malaysia initially consuming two (2) MMScfd and below of natural gas. Our principal markets are mainly in the Central and Southern region of Peninsular Malaysia with a combined sales volume of natural gas sold to industrial customers of 73.5% for both the FYE 31 December 2010 and 31 December 2011. The sales volume of natural gas sold to industrial customers based on locations of our existing gas supply is as follows:

Geographical region	Existing gas supply	% of total sales volume of natural gas sold to industrial customers	
		FYE 31 December 2010	FYE 31 December 2011
		%	%
Central region	Kuala Lumpur, Petaling Jaya, Kelana Jaya, Damansara, Batu Caves, Sungai Buloh, Selayang, Kundang, Jeram, Ijok, Batang Berjuntai, Rawang, Shah Alam, Klang, Pandamaran, Bandar Sultan Sulaiman, West Port, North Port, Sepang, Salak Tinggi, Puchong, Serdang, Banting, Teluk Panglima Garang, Balakong, Dengkil, Beranang, Semenyih, Kajang, Cheras, Seri Kembangan, Bangi, Putrajaya, Cyberjaya, KLIA	41.3	41.3
Southern region	Pasir Gudang, Tg. Langsat, Tebrau, Tampoi, Larkin, Plentong, Senai, Kulai, Air Hitam, Kluang, Alor Gajah, Ayer Keroh, Cheng, Tangga Batu, Batu Berendam, Nilai, Bukit Rambai Senawang, Seremban	32.2	32.2
Northern region	Lumut, Setiawan, Seri Manjung, Kamunting, Parit Buntar, Nibong Tebal, Kulim, Prai, Sungai Petani, Kangar	21.3	21.6
Eastern region	Gebeng, Kuantan Port, Teluk Kalong, Kemaman, Kerteh	5.2	4.9

Our customers are from the industrial, commercial, and residential sectors in Peninsular Malaysia where the sale and supply of natural gas to them are governed by terms and conditions contained in their respective supply contracts. As at LPD, we serve 700 industrial customers, 519 commercial customers and 10,612 residential customers for natural gas. Our industrial customers made up approximately 99% of our sales in each of the past three (3) financial years from 2009 to 2011, while our combined sales from both the commercial and residential customers contributed approximately 1% in each of the past three (3) financial years from 2009 to 2011. Sales to these customers are based on their gas usage.

In relation to the supply of LPG, as at LPD, we serve 1 industrial customer, 1,132 commercial customers and 20,663 residential customers.

The breakdown of our sales volume of natural gas classified by industrial, commercial and residential customers is as follows:

Sectors	FYE 31 December					
	2009	%	2010	%	2011	%
	(in millions MMBtu, except for percentages)					
Industrial	106.4	99.2	116.6	99.1	123.6	99.2
Commercial	0.9	0.8	1.0	0.9	1.0	0.8
Residential	*	*	*	*	*	*
Total	107.3	100.0	117.6	100.0	124.6	100.0

Note:

* *Negligible.*

In the industrial sector, our natural gas is used by a broad range of end-user segments, including food, beverages and tobacco, rubber products, basic and fabricated metal, non-metallic metal products, chemical products, glass products, paper, printing and publishing, textile products, electrical and electronics and plastic products. The diversity of our end-user segments outlines the versatility of natural gas in all industrial and commercial applications.

The breakdown of our end-user segments is as follows:

Customers sales volume by industry	% of sales volume	
	FYE 31 December 2010	FYE 31 December 2011
Food, beverage and tobacco	27%	27%
Rubber products	24%	24%
Basic and fabricated metal	12%	12%
Non-metallic mineral products	10%	10%
Chemical products	8%	8%
Glass products	7%	7%
Paper, printing and publishing	4%	5%
Textile products	4%	3%
Electrical and electronics	2%	2%
Plastic products	1%	1%
Others	1%	1%

In each of these sectors, our natural gas is used for heating, chilling, appliance operation and co-generation purposes as follows:

Sector	Application of our products
Industrial	• Boilers • Dryers • Heat treatment • Furnaces • Melters
Commercial	• Oven / stove • Boilers / water heater • Natural gas vehicles ("NGV")
Residential	• Oven / stove • Water heater • Clothes dryer
Co-Generation / CHP	• Generation of electricity • Chilled water / cooling • Steam

7.7 NGDS

Our NGDS transports natural gas from the transfer points to our industrial, commercial and residential customers through an extensive network of distribution pipelines and stations.

As at LPD, we operate a total of approximately 1,800 km pipelines across Peninsular Malaysia. Our network of pipelines is connected from the PGU primarily via the city gate stations which are predominantly owned and operated by PGB to our customers' facilities.

The majority of the pipelines are installed within road reserve land, river reserve land and railway reserve land. Prior to the installation of these pipelines, wayleave approvals must be obtained from the relevant authorities such as Jabatan Kerja Raya, local councils, Lembaga Lebuhraya Malaysia, Jabatan Pengairan dan Saliran and Keretapi Tanah Melayu Berhad for us to install our gas pipelines within the reserve land. Such wayleaves are granted for as long as the pipelines remain installed and in a majority of those cases, no rental or fee is payable by us.

Other than wayleaves granted by the relevant authorities, there are also some wayleave arrangements entered into with third party land owners which are contained in written agreements, where consideration is payable thereunder and these wayleave arrangements are subject to renewals upon the expiry thereof.

We cannot discount the risk that we have to relocate our pipelines at our costs due to future developments within the reserves undertaken by the authorities. Nonetheless, in accordance with our standard operating procedure, we are required to and will take all the necessary steps to secure such approvals before we commence work on installing pipes.

As at LPD, we operate 36 odoriser stations, 744 service stations, 91 district stations, 73 regulating stations and 76 area stations. The service stations are installed in our customers' premises while other stations are installed on our own land, leased land (where we have entered into tenancy and lease agreements with relevant parties), land not owned by us, TOL (Temporary Occupancy Licence) land, customers' premises as well as land reserved for gas.

Some of these agreements to occupy the land on which the stations were installed are subject to renewal at the end of their respective terms. We have not encountered nor experienced any major or insurmountable difficulty with regard to the renewal of these agreements.

For the FYE 31 December 2011, the total annual rental paid for wayleaves and stations were RM208,730.96 and RM30,814.56 respectively.

The table below is a breakdown of stations in our NGDS as at LPD:

	Total stations				
Region	**Odoriser Station**	**Service Station**	**District Station**	**Regulating Station**	**Area Station**
Northern	9	130	10	-	-
Central	9	367	59	72	69
Eastern	7	26	1	1	6
Southern	11	221	21	-	1
Total	36	744	91	73	76

Pursuant to conditions imposed by the SC vide its approval letter dated 7 October 2011 in respect of the IPO and the Listing under Section 212(5) of the CMSA and the equity requirements for public companies, we have identified that as at LPD, there are 22 stations out of 1,020 stations erected on land not designated for gas station use where we are in the midst of rectifying the same or erected on the plots of land where we have been following up with the relevant land owners or authorities to ascertain the respective Land Use Conditions. The 22 affected stations comprises of two (2) odoriser stations, 13 district stations, one (1) regulating station and six (6) area stations. Please refer to Section 5.2.6 of this Prospectus for further details.

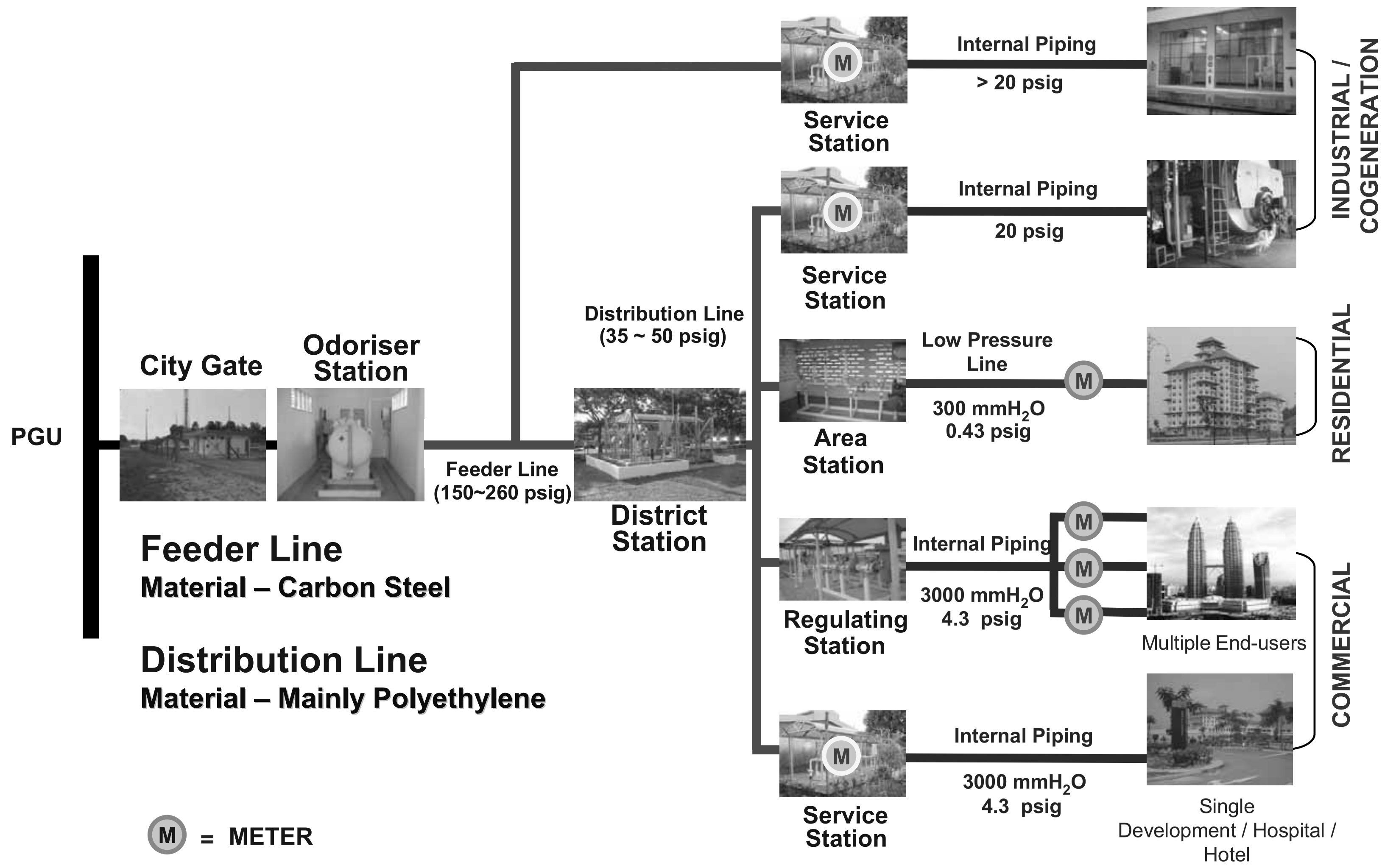
7.8 Operation process flow

NGDS

Our natural gas supply is sourced from PETRONAS via a transmission pipeline owned and operated by PGB, namely the PGU. The natural gas is supplied to us at a transfer point known as city gate stations, where the natural gas is transferred to our pipeline through the PGU. At each city gate station, there is an odoriser station that injects odorant into the natural gas to odorise it as part of safety requirements. From here on, the natural gas is distributed throughout our NGDS via feeder lines and distributions lines located throughout Peninsular Malaysia. Depending on the volume and pressure of natural gas required, the pressure in these pipelines is reduced at either district stations, service stations, area stations or regulating stations. Once the gas pressure has been reduced to the appropriate level, it is delivered to the customer's internal piping system.

7. BUSINESS OVERVIEW *(Cont'd)*

The delivery of natural gas, from the city gate stations to our customers via our NGDS is depicted in the operation process flow below:



(i) **PGU**

The PGU project which commenced in 1984 is the only main gas pipeline in Peninsular Malaysia spanning more than 2,500 km. It comprises main gas transmission pipelines, supply pipelines, lateral pipelines and interconnection pipelines. The system comprises six (6) gas-processing plants with a combined capacity of 2,060 MMScfd, producing methane, ethane, propane, butane and condensate. The PGU is owned and operated by PGB.

(ii) **City gate station**

These are stations predominantly owned and operated by PGB with gas pressure regulating and gas metering facilities. The outlet gas pressure is reduced to 260 psig before entering our NGDS. These stations are the custody transfer points between our NGDS and the PGU.

(iii) **Odoriser station**

These are stations with an odorant dispensing facility located immediately after city gate stations. In this station, an odorant is injected into the gas to odorise it so as to meet safety requirements. As natural gas is colourless and odourless, the odorant is added to provide a distinctive odour to the gas to enable easy detection of leaked gas.

(iv) **Feeder line**

This gas pipeline is made of carbon steel. It distributes natural gas at the pressure of 150~260 psig from the city gate stations to the service line of district stations and service stations. These pipes usually reside on the Government's road reserves.

(v) **District station**

These are stations with pressure regulating facilities, where the natural gas pressure from the feeder line is reduced to 50 psig before entering the distribution line.

(vi) **Distribution line**

This gas pipeline is mainly made of polyethylene. It distributes natural gas at the pressure of 35~50 psig from the district stations to the service line of area stations, regulating stations and service stations. These pipes usually reside on the Government's road reserves.

(vii) **Service station**

These are stations with pressure regulating and gas metering facilities where natural gas pressure mainly from either the feeder lines or the distribution lines is reduced to the appropriate level before being supplied to industrial and commercial customers. They act as transfer points for natural gas between our pipelines and the customer's internal piping system.

(viii) **Regulating station**

These are stations with pressure regulating facilities where the natural gas pressure from the distribution line is reduced to 4.3 psig before being supplied to commercial customers.

(ix) Area Station

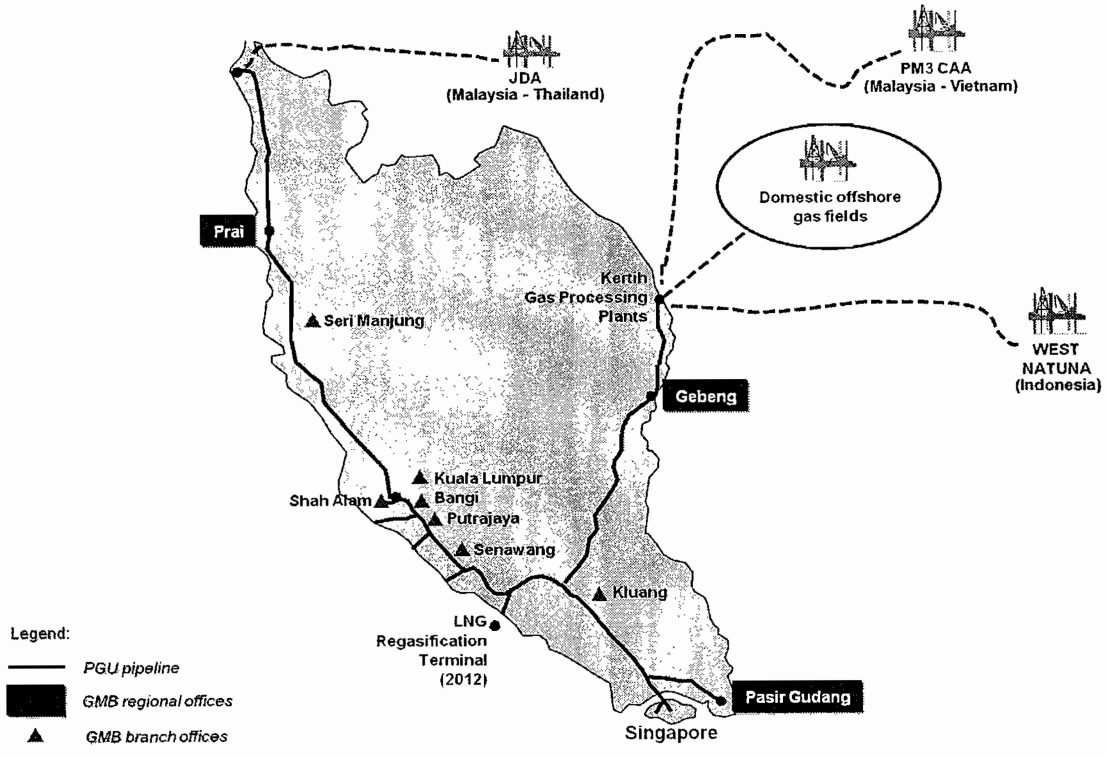
These are stations with pressure regulating facilities where natural gas pressure from the distribution line is reduced to 0.43 psig before being supplied to residential customers.

In addition to natural gas sales to our customers, we also charge tolling fees if our pipeline is used to connect to non-customers such as PETRONAS' gas stations in Peninsular Malaysia to supply compressed natural gas for use by NGVs and GDCs.

7.9 Types, sources and availability of supplies

We source all of our gas supply from PETRONAS through the PGU. Gas, extracted from various domestic gas fields off the coast of Terengganu as well as West Natuna Indonesia and the PM3 Commercial Arrangement Area (CAA) between Malaysia and Vietnam, is processed at PGB's gas processing plants in Kerteh and Paka, Terengganu before it enters the PGU. Gas from Malaysia-Thailand Joint Development Area is processed at the gas separation plants in Songkhla province, Thailand before entering the PGU through the Trans-Thailand Malaysia pipeline network.

PGU by PGB and the concentration of GMB's customers in Peninsular Malaysia



(Source: GMB)

As at LPD, the key supplies used for our business activities are as described below:

Raw materials	Description of usage	Sources
Natural gas	Primary supplies	PETRONAS
LPG	Primary supplies	PETRONAS Dagangan Berhad and Boustead Petroleum Marketing Sdn Bhd (BHPetrol)

In addition to the raw materials above, an additive odorant is added into the natural gas for safety purposes in order to detect gas leakages.

7.9.1 Existing Gas Supply Agreement

On 18 August 1997, we signed the Existing Gas Supply Agreement with PETRONAS where PETRONAS is to supply us with natural gas. The salient terms of the Existing Gas Supply Agreement are contained in the ensuing paragraphs.

The Existing Gas Supply Agreement which took effect from 6 January 1993 is for a duration of 20 years and will expire on 31 December 2012. Starting from 2003 to 31 October 2009, the maximum amount of natural gas that PETRONAS agreed to supply us with was up to 150 MMScfd.

We have represented to PETRONAS that the natural gas shall be used exclusively for onward distribution to our customers and we shall not supply gas to any of our customers individually in excess of 56,634 standard cubic meter (Sm^3) per day (which is equivalent to approximately 2 MMScfd). The price of natural gas supplied by PETRONAS pursuant to the Existing Gas Supply Agreement is currently in accordance with the buying price of natural gas regulated by the Government as set out in Section 5.2.1 of this Prospectus.

Our gas supply volume from PETRONAS was increased to a maximum of 300 MMScfd pursuant to the First Supplemental Agreement signed on 1 November 2009. From 1 December 2009, our gas supply volume was subsequently increased by another 82 MMScfd, bringing the total volume of gas supply from PETRONAS to our Company to 382 MMScfd. On 12 July 2010, we signed the Second Supplemental Agreement which confirmed PETRONAS' commitment to such increase of gas supply volume to the Company up to 31 December 2011. PETRONAS, vide its letter to our Company dated 5 April 2011, confirmed that the gas supply volume of 382 MMScfd shall be further extended from 1 January 2012 until 31 December 2012.

The summary of the changes in our natural gas supply volume is detailed below:

Period	Maximum gas supply volume from PETRONAS
	MMScfd
From 2003 - 31 October 2009	150
From 1 November 2009	300
1 December 2009 – 31 December 2012	382

We are also required to observe the take-or-pay obligation and excess gas pricing for natural gas taken above the stipulated quantity.

7.9.2 New Gas Supply Agreement

In view of the impending expiry of the Existing Gas Supply Agreement, we signed the New Gas Supply Agreement with PETRONAS on 23 February 2012 to replace the Existing Gas Supply Agreement upon its expiry on 31 December 2012. The New Gas Supply Agreement takes effect from 1 January 2013. The salient terms of the New Gas Supply Agreement are contained in the ensuing paragraphs.

(i) The tenure of the New Gas Supply Agreement is for a period of 10 years but the New Gas Supply Agreement provides for us to have the right to request for a further extension of five (5) years subject to the availability of gas supply and the renegotiation of any terms of the agreement, if requested by either ourselves or PETRONAS. The New Gas Supply Agreement is for the supply of natural gas of up to 534,143 gigajoule per day (which is equivalent to approximately 492 MMScfd) for the period commencing from 1 January 2013 until 31 December 2022 on a step-up basis.

Pursuant to the New Gas Supply Agreement, we are allowed to supply natural gas to our customers who initially consume 5,428 gigajoule of natural gas per day (which is equivalent to approximately 141,584 standard cubic meter (Sm^3) per day or five (5) MMScfd) and below.

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In addition, pursuant to the New Gas Supply Agreement, our buying price from PETRONAS from 1 January 2013 to 31 December 2022 is as follows:

Buying price under the New Gas Supply Agreement in accordance with the volume^ of gas supplied

	From 1 January 2013 until 31 December 2013		From 1 January 2014 until 31 July 2014		From 1 August 2014 until 31 December 2014		From 1 January 2015 until 31 December 2022	
	Gigajoule per day	MMScfd (approximate)	Gigajoule per day	MMScfd (approximate)	Gigajoule per day	MMScfd (approximate)	Gigajoule per day	MMScfd (approximate)
Maximum volume of gas supply contracted by PETRONAS per day which shall be subject to Government regulated price*	414,721	382	414,721	382	325,697	300	325,697	300
Maximum volume of gas supply contracted by PETRONAS per day which shall be subject to LNG plus price	43,426	40	75,996	70	165,020	152	208,446	192
Total	458,147	422	490,717	452	490,717	452	534,143	492

Notes:

* *Currently, the Government regulated price is as per the announcement made by the Government on 30 May 2011, details of which are set out in Section 5.2.1 of this Prospectus. As indicated in the announcement, the buying price of natural gas for our Company will be increased by RM3.00 per MMBtu every six (6) months beginning 1 June 2011 to December 2015 and the buying price of natural gas will be at market prices starting from 2016.*

^ *The volume of gas supplied is on a step-up basis.*

In the event of the issuance of any instructions or directive from time to time by the Government of Malaysia to PETRONAS in respect of regulated pricing for the sale of gas in Malaysia ("Government Directive"), PETRONAS may by written notice to us unilaterally amend the terms of the New Gas Supply Agreement in any manner that it deems fit in order to implement the Government Directive. The Government Directive shall not in any circumstance whatsoever be deemed to be an automatic amendment to or of any provisions of the New Gas Supply Agreement and shall not apply to the volume of gas which is subject to the LNG plus price.

In addition, the New Gas Supply Agreement provides for the take-or-pay obligation and excess gas pricing, surcharges such as overrun surcharge and variance surcharge to be imposed upon us, further details of which are set out in Sections 5.2.4 and 5.2.5 of this Prospectus.

(ii) Under the terms of the New Gas Supply Agreement, we shall be liable for and shall, to the exclusion of all other remedies, indemnify and hold PETRONAS harmless against any and all claims for loss, damage, costs (including legal costs) and expense of whatever kind and nature, including all related costs and expense in respect of personal injury to or death of our customers, our personnel or our subcontractors' personnel and in respect of loss of or damage to property of our customers arising out of or in connection with the New Gas Supply Agreement save in the case where loss or damage to our customers' property is caused by our Company having unknowingly accepted natural gas that has failed to conform with the quality specifications from PETRONAS in which case, PETRONAS shall be liable for such loss or damage subject to the limit in liability as agreed.

(iii) PETRONAS reserves the right to review and revise the daily quantity of natural gas supplied downwards when the average consumption for any three (3) consecutive months is less than 75% of the daily quantity of natural gas supplied and PETRONAS shall notify us in writing in such event. That notwithstanding, the daily quantity of natural gas supplied will not be revised downwards if we can prove that the lesser consumption is due to outage of plant or genuine and justifiable business cycle downturn of our customers and we have issued to PETRONAS the justification for the lesser consumption within 30 days from the date of receipt of PETRONAS' notification.

In the event of a supply deficiency resulting from a force majeure event, emergency situation, shutdown of facilities, or under delivery or insufficient delivery of natural gas, PETRONAS shall have the right and discretion to supply natural gas at a quantity that is lower than the daily quantity of natural gas supplied or to suspend the supply of natural gas in any manner it thinks fit. PETRONAS shall, in the event it intends to exercise such rights, give us adequate notice as soon as practicable stating the quantity to be supplied to us and the period for which such deficiency is expected to last. Upon receiving notification from PETRONAS, we shall use our best endeavours to reduce our offtake to the quantity specified by PETRONAS, failing which PETRONAS reserves the right to suspend the delivery of natural gas to us.

Notwithstanding any provisions to the contrary in the New Gas Supply Agreement, PETRONAS shall not be obligated to deliver any dry gas in the event of a supply failure resulting from a force majeure event, emergency situation or shutdown of facilities.

(iv) Where there is a default, the non-defaulting party may, upon giving not less than two (2) weeks' written notice to the defaulting party, terminate the New Gas Supply Agreement if the breach committed is incapable of remedy. Where a breach is capable of remedy, the non-defaulting party may immediately, upon giving written notice to the defaulting party, terminate the New Gas Supply Agreement if the defaulting party fails to remedy that breach within 30 days from the date of receipt of notice of breach from the non-defaulting party or such longer period as may be reasonable.

In addition, PETRONAS may by giving two (2) weeks' written notice to us, terminate the New Gas Supply Agreement under, amongst others, the following circumstances:

(a) our non-compliance with the provisions on payment to PETRONAS under the New Gas Supply Agreement;

(b) if we use the natural gas illegally or the use is not in accordance with the New Gas Supply Agreement or if there is evidence of our attempt to do so; or

(c) if we fail to take natural gas after a lapse of 90 days continuously from our last day of offtake at any time due to any reason other than force majeure or any failure by PETRONAS to deliver natural gas.

Furthermore, PETRONAS may immediately, upon giving written notice to us, terminate the New Gas Supply Agreement if the Natural Gas Distribution Licence is revoked due to our fault.

Upon termination of the New Gas Supply Agreement owing to our default, PETRONAS shall cease the supply of natural gas to us and we shall settle all amounts due to PETRONAS under the New Gas Supply Agreement up to the date of termination and compensate PETRONAS for all unrecovered capital costs related to work expended by PETRONAS.

7.10 Technology used

We utilise various technologies in our NGDS to enhance the distribution system as well as to monitor the network and condition of the pipelines. The technologies used are:

- **Cathodic Protection System** – Sacrificial Anode Cathodic Protection System (SACP) is used to prevent corrosion at the pipelines from taking place. Sacrificial cathodic protection occurs when a metal is coupled to a more anodic metal. When electrically connected, the anodic metal becomes a source of negative charge which prevents corrosion to the pipelines. In addition, an external coating is also applied to the pipeline as a supplement measure to protect the structural pipeline from corrosion.

- **Horizontal Directional Drilling (HDD)** – Horizontal directional drilling is a trenchless process used in the laying of pipelines underground and consists of three distinct phases. The first phase is the drilling of a pilot hole from the surface on one side of the designed profile and exiting at the surface on the other side. Then, the second phase begins by enlarging the pilot hole to the desired diameter to accept the pipeline. Finally, the pipeline is pulled into place through the enlarged borehole.

- **Supervisory Control and Data Acquisition (SCADA)** – SCADA is a system which generally refers to industrial control systems that monitors the infrastructure. This centralised system monitors distribution pressure of our gas pipelines across Peninsular Malaysia. Our control room which is located in Shah Alam overlooks this SCADA system.

- **Gas Chromatography (GC)** – The chromatography equipment is used to analyse the natural gas compounds. The equipment is installed at various locations within the distribution network for operational monitoring of the natural gas composition.

- **Geographic Information System (GIS)** – GIS is a system that captures, stores, manages and presents data with reference to the geographical location. Specifically, we used GIS to manage information on our gas facilities in Peninsular Malaysia centrally in digital format that consists of pipeline routes and depths, gas stations, and facilities database.

7.11 R&D

Notwithstanding that as at LPD, we do not have any formal R&D policies and budgets, we continuously strive to improve our processes to enhance efficiency and have funded various ad-hoc researches carried out by local universities such as University Teknologi Malaysia (UTM) on project basis. The Company supported two (2) researches on pipeline studies. The first research was conducted from 1 June 2006 to 28 February 2007 to study the effects of gas pipeline safety distance from other utilities in particular, water pipes, and another research was conducted from 24 February 2010 to 15 July 2011 to study the impact of water jet leaks from water pipes to the gas pipeline. The findings of these researches have enabled us to establish preventive measures to avoid erosive wear behaviour.

7.12 Safety procedure

We uphold and practise stringent policies and procedures to ensure reliable, timely and safe delivery of natural gas to our customers. We adhere to strict quality control and safety measures at all stages of our business, from the planning and construction of the new NGDS to operations and maintenance, as follows:

7.12.1 Planning stage

At this stage, the planning of strategic pipeline routes and isolation valves locations is selected with future infrastructure expansion by authorities and third parties taken into consideration. The isolation valves are usually used to isolate a section of the gas pipeline to facilitate maintenance, equipment removal or shutdowns. In addition, the looping system is also planned for stability and continuity in gas supply. This looping system connects the customers in a "ring" configuration system so that if a section of the gas pipeline is interrupted, it may not impact the customers.

7.12.2 Engineering stage

At the engineering stage, the design and materials specification are chosen in accordance with the GSA and Gas Supply Regulations 1997 and international accepted codes and standards. The selection of these materials is made to withstand operating pressure and other external loads, as well as protection against corrosion and over pressurisation to meet safety requirements.

7.12.3 Procurement stage

We source our own steel and polyethylene pipes required for the installation of our gas pipelines. Our steel pipes are sourced from American Petroleum Institute ("API") licensed pipe manufacturers which produce steel pipes according to a verified quality management system and API product specifications. Further to the above, mill inspection of the steel pipes is carried out by a third party inspection agency which provides us with the assurance that the steel pipes procured by us are of acceptable quality.

7.12.4 Construction stage

During the construction stage, we appoint competent contractors who are registered with us to design, engineer, procure, construct and commission the gas pipelines to comply with MS ISO 9001, MS ISO 14001, and OHSAS 18001.

Upon receiving the approval from the Energy Commission and other relevant authorities, the construction works commence. Our personnel will accompany the contractors on-site to supervise the installation and construction activities. For the underground gas pipeline, it is installed at a minimum depth of 0.9 metres.

Numerous inspection and tests are carried out during this stage. The major types of tests carried out are listed as below:

Type of inspection / tests	Descriptions
Welder qualification test	A means by which the ability of welder to make sound welds using qualified welding procedure is assessed.
Non-destructive testing on welded joints	A means by which the quality of weld is assessed by using methods that do not involve disturbance, stressing or breaking of the welded joints.
Holiday detection test	A means by which the presence of discontinuity in a protective coating that exposes unprotected surface of steel pipe to the environment is revealed, in which the holiday (discontinuity) shall then be repaired.
Pipeline pressure test	A means by which the integrity of completed pipeline is assessed, in which the pipeline is filled with a fluid, sealed and subjected to pressure. It is used to validate integrity and detect construction defects and defective materials.
Pipeline dryness inspection	A means by which the desired dryness inside of the completed pipeline is ascertained before the pipeline is put into service, in which dried gas (compressed air or nitrogen) is passed through the pipeline to remove free water. It is to prevent the potential for gas hydrate formation in the pipeline that may result in possible disruption to service.

7.12.5 Operations and maintenance

Our operations and maintenance team carry out the day to day operations and maintenance of the gas facilities that include the pipelines and stations. Periodical preventive maintenance and troubleshooting are performed to ensure gas facilities conditions are maintained. Daily pipeline patrolling is carried out to monitor unauthorised third party works within the vicinity of our pipelines. In addition, all third party works within the vicinity of the gas facilities are supervised. The regional and branch offices have dedicated on-call and emergency response teams who physically attend to emergencies within 90 minutes upon notification. Apart from periodical maintenance, a specific pipeline integrity inspection is carried out initially within one year after installation. A follow-up inspection is carried out again on the 10th year and thereafter, routine inspections are carried out every five (5) years.

7.13 Sales and marketing

Our headquarters is situated in Shah Alam, Selangor Darul Ehsan. As at LPD, we have three (3) regional offices, located in Prai, Gebeng and Pasir Gudang, and seven (7) branch offices located in Kuala Lumpur, Shah Alam, Bangi, Kluang, Putrajaya, Senawang and Sri Manjung. Our Sales and Marketing Department is divided into three (3) main sectors, namely industrial, commercial and residential. Our sales team is further divided geographically into the northern region, central and eastern region and southern region.

Our Group has initiated the following marketing strategies to sustain and expand our business:

(i) understanding our customers' demand trend and matching our natural gas supply allocation to these trends to maximise their consumption usage;

(ii) continuous provision of consultation advice, customer services including after-sales services and positioning ourselves as an innovative and reliable energy solution provider to foster customer loyalty;

(iii) developing new business opportunities with existing and potential customers by way of referrals;

(iv) collaboration with investment authorities to identify potential customers who intend to set up manufacturing facilities, including foreign investors in Malaysia; and

(v) keeping abreast of new processes and technological development in the gas industry to better meet our customers' requirements.

7.14 Major customers

For the past three (3) FYE 31 December 2009, 2010 and 2011, none of our major customers individually contribute more than 10% of our total revenue. Our top five (5) customers and their revenue contributions are as follows:

Top 5 customers	Length of relationship as at 31 December 2011	FYE 31 December					
		2009	%	2010	%	2011	%
	(Approximate number of years)	(in RM millions, except for percentage)					
Nippon Electric Glass (M) Sdn Bhd ...	16	35.1	2.0	45.0	2.5	57.9	2.9
Malaysian Sheet Glass Sdn Bhd	17	38.4	2.2	36.7	2.0	38.3	1.9
Hartalega Sdn Bhd	8	22.9	1.3	27.1	1.5	38.3	1.9
Fatty Chemical (Malaysia) Sdn Bhd...	7	38.5	2.2	37.0	2.0	35.4	1.8
Central Sugars Refinery Sdn Bhd......	8	28.9	1.6	33.7	1.9	35.0	1.7
Total top 5 customers' revenue contribution		163.8	9.3	179.5	9.9	204.9	10.2
Total revenue		1,753.1	100.0	1,807.5	100.0	2,000.2	100.0

7.15 Major supplier

PETRONAS, the national oil and gas company, is our only supplier of natural gas. Our total purchases from PETRONAS for the past three (3) FYE 31 December 2009, 2010 and 2011 are listed as follows:

Top supplier	Length of relationship as at 31 December 2011	FYE 31 December					
		2009	%	2010	%	2011	%
	(Approximate number of years)	(in RM millions, except for percentage)					
PETRONAS	19	1,303.7	100.0	1,304.4	100.0	1,605.5	100.0
Total purchases of natural gas		1,303.7	100.0	1,304.4	100.0	1,605.5	100.0

7.16 Interruptions to business and operations

Our Group has not experienced any major interruption in business which had a significant effect on operations during the 12 months period prior to the LPD.

7.17 Seasonality

Our Group's revenue is not materially affected by any seasonal factors. However, we do notice a slight drop in the natural gas consumption by our customers during the festive periods throughout the year, namely during Hari Raya Aidilfitri and Chinese New Year.

7.18 Intellectual properties

We have filed with the Register of Trade Marks, among others, the following trade mark registration applications under the Trade Marks Regulations 1977, Trade Marks Act 1976 to establish our brand names:

Trade mark	Expiry date	Application number	Class	Status
	8 November 2020	00015832	16 (letterheads; memo pads; telefaxes forms; envelopes; compliment slips; stickers; rubber stamps; leaflet for safety booklet; all included in class 16)	Registered
GAS MALAYSIA	8 November 2012	02013922	45 (personal and social services rendered by others to meet the needs of individuals included in class 45)	Registered
GMNET	21 March 2013	03003261	45 (personal and social services rendered by others to meet the needs of individuals included in class 45)	Registered

7.19 Human resource

As at LPD, we have a total workforce of 358 employees comprising two (2) personnel in the Managing Director's office, seven (7) personnel in the Human Resource Department, 47 personnel in the Technical Services Department, 143 personnel in Operations and Maintenance, 51 personnel in Marketing, 81 personnel in Accounting and Finance, 17 personnel in Procurement and Contracts, seven (7) personnel in the Health, Safety, Environment and Quality Department and three (3) personnel in the Legal Department. As evidence of our employees' commitment to our Group, as at LPD, a total of 288 employees (or approximately 80%) have been in service for more than five (5) years.

Number of employees for the past three (3) FYE 2009 to 2011 and as at LPD

Department	Total headcount				Length of service up to LPD		
	FYE 31 December						
	2009	2010	2011	As at LPD	< 1 year	1 - 5 years	> 5 years
Managing Director's office	2	2	2	2	-	-	2
Human resource	7	7	7	7	-	-	7
Technical services	55	55	51	47	1	8	38
Operations and maintenance	129	133	143	143	3	37	103
Marketing	56	55	52	51	1	1	49
Accounting and finance	81	81	81	81	4	12	65
Procurement and contracts	17	17	16	17	1	1	15
Health, safety, environment and quality	7	7	7	7	-	-	7
Legal	3	2	3	3	1	-	2
Total	357	359	362	358	11	59	288

Our employees do not belong to any labour union. We have not been involved in and neither are we aware of any potential judicial or administrative disputes for wrongful dismissal of our employees for the past five (5) years up to the LPD.

Training and development

We recognise the importance of human resources as a key element to our success. All new employees recruited by the Group are required to undergo in-house orientation conducted by the respective department heads to familiarise themselves with our Group's corporate vision, culture and policies. New technical personnel are also provided with training to equip them with the necessary working knowledge and skills in order for them to carry out their job responsibilities efficiently.

We invest in external training, particularly on programmes related to technical skills and workplace safety. In addition, we provide on-the-job training where new employees will be trained at their worksites under normal working conditions. For the past three (3) years ended 31 December 2009, 2010 and 2011 and from 1 January 2012 up to LPD, our employees had participated in the following training programmes:

(i) Training in year 2009

Course title	Training provider / Organizer
Health, Safety, Environment and Quality (HSEQ) at Construction Site	Internal GMB Training
Introduction to Natural Gas and Properties and Hazards of Natural Gas	Internal GMB Training
Internal Piping Design	Internal GMB Training
Chemical Safety and Spill Management	Internal GMB Training
Accident Investigation – Root Cause Analysis	Internal GMB Training
Hazard Identification Risk Assessment Risk Control	Internal GMB Training
Fire Fighting Training	Academy of Safety and Emergency Care Sdn Bhd
5th Asian Pipeline Conference & Exibition	ASCOPE Gas Centre
Pengagihan & Pemasangan Sistem Bekalan Elektrik	Centre for Management Technology Sdn Bhd
Management Development Programme	Asian Institute of Management, Manila, Philippines
Certificate Course in Gas Distribution for Gas Fitter II	Gas Technology Centre, University Technology Malaysia, Skudai, Johor
Certificate Course in Gas Distribution for Gas Engineer and Gas Engineering Supervisor	Gas Technology Centre, University Technology Malaysia, Skudai, Johor
Swagelok Tube Fitting Installation and Tube Bending Seminar	Kuala Lumpur Valve & Fitting (M) Sdn Bhd
NIOSH 12th National Conference on Occupational Safety and Health	National Institute Of Occupational Safety and Health
24th World Gas Conference 2009	World Gas Conference 2009 Secretariat

(ii) Training in year 2010

Course title	Training provider / Organizer
Health, Safety, Environment and Quality (HSEQ) Awareness Program	Internal GMB Training
Introduction to PE and Steel Pipeline Training	Internal GMB Training
Internal Piping Design Training	Internal GMB Training
Introduction to Natural Gas and Properties and Hazards of Natural Gas	Internal GMB Training
Fire Fighting Training	Academy of Safety and Emergency Care Sdn Bhd

Course title	Training provider / Organizer
Certificate Course in Gas Distribution for Gas Engineer and Gas Engineering Supervisor	Gas Technology Centre, University Technology Malaysia, Skudai, Johor
Certificate Course in Gas Distribution for Gas Fitter	Gas Technology Centre, University Technology Malaysia, Skudai, Johor
MAP Asia 2010	GIS Development Sdn Bhd
76th Management Development Programme	Asian Institute of Management, Manila, Philippines
First Aid Training	Good Responses Emergency and Training Services
Swagelok Tube Fitting Installation and Tube Bending Seminar	Kuala Lumpur Valve & Fitting (M) Sdn Bhd
Energy Forum Securing a Sustainable Energy Future for Malaysia	Malaysian Gas Association (MGA)
6th Asian Pipeline Conference and Exhibition	Malaysian Gas Association (MGA)
GASEX 2010 Conference Exhibition: Pursuing Cooperation, Paradigm on Energy, Environment & Economy, Taipei, Taiwan	Malaysian Gas Association (MGA)
Gas Pricing	IBC Asia (S) Pte Ltd

(iii) Training in year 2011

Course title	Training provider / Organizer
Seminar Perkastaman	Persatuan Pegawai Kanan Kastam Malaysia
Roles and Responsibilities of Health, Safety and Environment (HSE) Committee	Internal GMB Training
Confined Space Safety – Entry Supervisor & Authorised Gas Tester Course	Internal GMB Training
7th Management Development Program, Manila, Philippines	Asian Institute of Management, Manila, Philippines
Planning and Managing Windows 7	KnowledgeCom Corporation Sdn Bhd
Professional Course in Gas Distribution for Gas Engineers and Gas Engineering Supervisors Series 34	Gas Technology Center, University Technology Malaysia, Skudai, Johor
Certificate Course in Gas Distribution for Gas Fitter II	Gas Technology Center, University Technology Malaysia, Skudai, Johor
Defensive Driving	BH Management
OSHA 1994 and OHSAS 18001	Internal GMB Training
Workplace (OSH) Inspection	Internal GMB Training
Introduction to Natural Gas and Properties and Hazards of Natural Gas	Internal GMB Training
Regulator Overhaul, Troubleshooting and Station Acceptance Test	Internal GMB Training
Defensive Driving	Golden Gears System
Disciplinary Procedures	MEF Academy Sdn Bhd
Chemical Management and Hazard Communication	Internal GMB Training
Maintaining a Microsoft SQL Server 2008	Info Trek Sdn Bhd
Read, Analyze and Interpret Financial Statements	Arrow Training Sdn Bhd
Effective Payroll Management and Computation	Calibre Skills Development
Handling Misconduct and Conducting a Domestic Inquiry at Work – "Preparation, Documentation and Procedures"	SP Training & Management
JobStreet.com – HR and Networking Events	JobStreet.com Sdn Bhd
Effective Cathodic Protection System Masterclass	UNI Strategic Pte Ltd
Financial Essential for Non-Financial Professionals	IBN Global Network Sdn Bhd

Course title	Training provider / Organizer
Hazard Identification, Risk Assessment and Control	Internal GMB Training
Introduction, Application & Operation of Pipeline Current Mapper (PCM)	RDG Supply Sdn Bhd
Certificate Course in Gas Distribution for Gas Engineering Supervisors	Gas Technology Center, University Technology Malaysia, Skudai, Johor
Certificate Course in Gas Distribution for Gas Fitter II 17th Series 2011	Gas Technology Center, University Technology Malaysia, Skudai, Johor
Handling of Gas Odorant	Process-3 Solutions Sdn Bhd
7th Asian Pipeline Conference & Exhibition (APCE)	Malaysian Gas Association (MGA)
Flow Metering and Custody Transfer	UNI Strategic Pte Ltd
Malaysia FRS Update and IFRS Convergence Seminar	KPMG
Accident Investigation & Root Cause Analysis	Internal GMB Training
Seminar on the Revised MS 930:2010 for the Gas Industry	Sirim Berhad
Practical Troubleshooting and Problem Solving of PLCS and SCADA System	IDC Technology (M) Sdn Bhd
OSH Seminar: Putting Philosophy into Practices	NIOSH
Fire Fighting Training	Good Responses Emergency and Training Services
Gas Sales & Transportation Agreements	UNI Strategic Pte Ltd
Regulator Overhaul, Troubleshooting & Station Acceptance Test	Internal GMB Training
Writing in Plain Language for Managers and Executives	Plain Language Solutions Sdn Bhd
Seminar Perlindungan Keselamatan Sosial	Pertubuhan Keselamatan Sosial (PERKESO)

(iv) Training from 1 January 2012 up to LPD

Course title	Training provider / Organizer
All You Need to Know About Sick and Hospitalisation Leave	Federation of Malaysian Manufacturers (FMM)
CEP Legal Compliance and Evaluation	Internal GMB Training
SAMP Defensive & Safety Driving Course	SAMP Advance Driving & Riding School
Integrated Management System ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 Awareness Training	AJA EQS Certification (M) Sdn Bhd

7.20 Governing laws and regulations

The main laws and regulations governing our Group's operation and activities are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

7.20.1 Gas Supply Act, 1993

The GSA is an Act to provide for, amongst others, the licensing of the supply of gas to consumers through pipelines and related matters, the tariff for the supply of gas and the maintenance, repair, upgrading, removal or alteration of pipelines or installations.

7.20.2 Gas Supply Regulations, 1997

These regulations contain provisions in relation to amongst others, the categories of licence granted under the GSA, the approvals for, inspection and testing of gas installations, as well as the registration of competent persons to carry out work on gas pipelines and gas installations.

7.20.3 Occupational Safety and Health Act, 1994 ("OSHA")

We are also subject to the OSHA. Under the OSHA, we have a general duty to our employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, so far as is practicable, the safety and health of our employees at work, and to provide a working environment, which is as far as possible safe, without risks to health, and adequate as regards to facilities for their welfare at work. We also have a duty to ensure, so far as is practicable, that other persons, not being our employees, who may be affected thereby are not exposed to risks to their safety or health.

As we employ more than 100 employees, we are obliged under OSHA to employ a safety and health officer, who is tasked with ensuring the due observance of the statutory obligations as regards to workplace health and safety and the promotion of a safe conduct of work at the place of work. We have also set up a health and safety committee, which we consult in promoting and developing measures to ensure the safety and health at the place of work of the employees and in checking the effectiveness of such measures.

7.20.4 Environmental Quality Act, 1974

The Environmental Quality Act, 1974 restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a licence, prohibits the discharge of oil into Malaysian waters, discharge of wastes into Malaysian waters without a licence and prohibits open burning. The agency responsible for implementing and monitoring Malaysia's environmental regulations and policies is the Malaysian Department of Environment and the local environmental authority.

7.21 Certifications and recognitions

Our recent certifications and recognitions include:

Issue date	Expiry date	Current accreditation / award / certificates	Description	Awarding Organization
1 February 2000 (original certification date) Issue Date: 29 October 2009	31 January 2013	ISO 9001 : 2008. Certificate Number AR 1901	Quality Management Systems - Requirements. Scope of Certification: Provision of Natural Gas and Liquefied Petroleum Gas Distribution Systems to Industrial, Commercial and Residential Sectors in Peninsular Malaysia	SIRIM QAS International Sdn Bhd
1 February 2003 (original certification date) Issue Date: 23 December 2011	31 January 2015	ISO 14001 : 2004. Certificate Number ER 0289	Environmental Management Systems - Requirements with Guidance for Use. Scope of Certification: Provision of Natural Gas and Liquefied Petroleum Gas Distribution Systems to Industrial, Commercial and Residential Sectors in Peninsular Malaysia	SIRIM QAS International Sdn Bhd
24 October 2007 (original certification date) Issue Date: 23 November 2010	23 October 2013	OHSAS 18001 : 2007. Certificate Number SR 0342	Occupational Health and Safety Management Systems - Requirements. Scope of Certification: Provision of Natural Gas and Liquefied Petroleum Gas Distribution Systems to Industrial, Commercial and Residential Sectors in Peninsular Malaysia	SIRIM QAS International Sdn Bhd

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(Prepared for inclusion in this Prospectus)

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Dear Sirs,

Executive Summary of the Independent Market Research Report on the Natural Gas Distribution Industry in Malaysia for Gas Malaysia Berhad ("GMB" or the "Company")

We, Frost & Sullivan Malaysia Sdn Bhd ("Frost & Sullivan"), have prepared the Executive Summary of the Independent Market Research report on the natural gas distribution industry in Malaysia ("Report") for inclusion in GMB's Prospectus dated 18th May 2012 ("Prospectus") in relation to the initial public offering and the listing of GMB on the Main Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the natural gas distribution industry in Malaysia.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd:

Sanjay Singh
Vice-President

The market research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research, which involves discussing the status of the industry with leading industry participants and industry experts. The research methodology used is the *Expert Opinion Consensus Methodology*. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate.

This market research was completed in August 2011 with data updated in April 2012, based on availability of the same.

This report is prepared for inclusion in the Prospectus of Gas Malaysia Berhad for submission to the Securities Commission Malaysia and other relevant parties.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

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1 ECONOMIC OVERVIEW

The global economic and financial conditions continued to experience stress in the fourth quarter of 2011, following heightened concerns over the resolution of the European sovereign debt crisis. Growth in the advanced economies was affected by high unemployment, weak housing markets and fiscal issues while growth in Asia was affected by weaker external demand. Despite the challenging external environment, the Malaysian economy expanded by 5.2% (3Q 11: 5.8%), with growth being underpinned by domestic demand. The favourable domestic demand conditions were supported by both private and public sector spending. On the supply side, the services sector recorded slower growth, while the manufacturing sector grew at a similar pace to the previous quarter, reflecting the weaker external environment amid sustained growth in domestic activity. Other sectors, however, recorded improvements during the quarter, while the agriculture sector continued to record strong growth. For the whole year, the Malaysian economy expanded by 5.1%.

Domestic demand expanded by 10.5% during the quarter (3Q 11: 9.0%), driven by the continued expansion in household and business spending, and public sector expenditure. Private consumption increased by 7.1% (3Q 11: 7.3%), supported by favourable income growth while public consumption expanded by 23.6% (3Q 11: 21.7%) following higher expenditure on emoluments and supplies and services. Gross fixed capital formation increased by 8.5% (3Q 11: 6.1%), supported by continued expansion in capital spending by the private sector and the non-financial public enterprises. The Federal Government development expenditure during the quarter was mostly channeled into the transportation, and trade and industry sectors.

On the supply side, activity in the services sector moderated in the fourth quarter, while the manufacturing sector expanded at a similar pace to the previous quarter. This trend reflected the weaker external environment amid strong performance in domestic-oriented activity. The agriculture sector continued to expand on account of strong production of crude palm oil, while mining output recorded a slower contraction. The construction sector registered higher growth, supported by the implementation of major infrastructure projects.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), declined to 3.2% in the fourth quarter (3Q 11: 3.4%). Inflation in the *transport* category was lower at 3.2% (3Q 11: 4.3%) as the impact of the one-off adjustment to the prices of RON95 petrol, diesel and LPG in December 2010 wore off. Inflation in the *food and non-alcoholic beverages* category, however, rose to 5.3% during the quarter (3Q 11: 4.8%), mainly due to higher prices in the *fish and seafood* subcategory.

In the external sector, the current account surplus narrowed in the fourth quarter, but remained large at RM22 billion, equivalent to 10.1% of Gross National Income (GNI). The lower surplus reflected the lower goods surplus, higher trade deficits and larger income outflows. The goods surplus was slightly lower at RM36.9 billion as gross exports expanded at a more moderate pace (9.8%; 3Q 11: 11.4%), while import growth was sustained (7.6%; 3Q 11: 7.4%).

The financial account turned around from a net outflow position to record a small net inflow of RM0.2 billion in the fourth quarter (3Q 11: -RM23.3 billion), due to the significantly smaller net outflow of portfolio funds and higher net inflow of other investments. During the quarter, foreign direct investment recorded a higher net inflow of RM6.5 billion (3Q 11: +RM5.2 billion), supported by higher retained earnings by the multinational companies (MNCs) in Malaysia and higher inflow of equity capital. Direct investments abroad by Malaysian companies increased further to -RM14.4 billion (3Q 11:-RM12.9 billion), reflecting higher outflow of equity capital and larger earnings retained abroad for reinvestment purposes. The overall balance of payments continued to remain strong, recording a surplus of RM6.3 billion in the fourth quarter (3Q 11: RM10.9 billion), as the current account surplus remained high and the financial account registered a net inflow position.

The international reserves of Bank Negara Malaysia amounted to RM423.4 billion (equivalent to USD133.6 billion) as at 31 December 2011. The reserves level as at 31 December 2011 has taken into account the quarterly adjustment of the foreign exchange revaluation loss, following the strengthening of the ringgit against some major currencies during the quarter. As at 31 January 2012, the reserves position amounted to RM424.8 billion (equivalent to USD134.1 billion), sufficient to finance 9.6 months of retained imports and is 4.1 times the short-term external debt.

For the Malaysian economy, the favourable growth in the fourth quarter was underpinned by sustained domestic demand amid weaker external demand. Going forward, the more challenging external environment could present greater downside risks to Malaysia's growth prospects. Nevertheless, domestic demand is expected to continue to be the key driver of growth, supported primarily by the continued expansion of private sector activity. Public sector expenditure is also expected to lend strong support to the overall growth performance.

Source: Extracted from the IMR Report prepared by Frost & Sullivan

1.1 TENTH MALAYSIA PLAN AND ECONOMIC TRANSFORMATION PROGRAMME

The 10th Malaysia Plan (MP), launched by the Government of Malaysia in late 2010, aims to transform Malaysia into a high income nation during the plan period of 2011 and 2015. It essentially outlines the national development plan on promoting economic growth, as well as socio-economic development, building up and retaining local talent and creating an environment that enhances the quality of life for the nation, and transforming the Government of Malaysia to transform Malaysia, including driving productivity. The Government of Malaysia, via the Performance Management and Delivery Unit ("PEMANDU"), has identified 12 National Key Economic Areas (NKEA) which have the potential of transforming Malaysia's economy. The identified NKEAs are:

- Oil, gas and energy
- Financial services
- Wholesale and retail
- Palm oil
- Tourism
- Electronics and electrical
- Business services
- Communications content and infrastructure
- Education
- Agriculture
- Healthcare
- Greater Kuala Lumpur / Klang Valley

Under the Economic Transformation Programme ("ETP"), which is an extension of the 10MP, priority will be given towards developing these 12 NKEAs. According to ETP, the first 11 NKEAs are expected to contribute to 74% of Malaysia's Gross National Income ("GNI") over the next decade. To date, the Government of Malaysia has announced several projects, aimed at meeting the targets of 10MP. These include:

- To connect the Greater Kuala Lumpur / Klang Valley with Singapore via the high speed rail system. PEMANDU estimates an investment requirement of RM16.5 billion for this effort, which is expected to contribute to an additional annual GNI of RM6.2 billion.

- To improve intra-city connectivity within the Greater Kuala Lumpur / Klang Valley via the construction of integrated urban mass rapid transit system. This effort will require an estimated funding of RM47 billion, and translates to a potential annual GNI increase of RM21.3 billion by 2020.
- To establish 61 hyperstores, 163 superstores and 365 supermarkets within departmental stores within the next 10 years. This is expected to increase retails space in Malaysia by 50% from the present 1.4 million square metres. Private funding and investments totaling RM17.4 billion is required for this initiative, which is expected to contribute to a potential GNI of RM8.5 billion annually.
- To increase the total silicon producers in Malaysia by attracting major foreign companies and developing two domestic local companies. A cumulative funding of RM12.5 billion is expected to fund this effort, which is expected to contribute an incremental GNI of RM3.4 billion.
- To position Malaysia as a world class data centre hub and increase data centre space from 0.5 million square feet to 5.0 million square feet by 2020. This is expected to require a funding of RM4.25 billion and contribute a potential incremental GNI of RM2.4 billion annually.
- To launch the EduCity@Iskandar fully integrated educational hub comprising universities, institutions of higher education, research and development ("R&D") centres, accommodation and recreational facilities. This is a privately funded initiative of RM1.2 billion which is expected to generate RM1.0 billion in GNI by 2020.
- To rejuvenate existing oil and gas fields for production, to develop small fields through more intensive exploration activities, and to enhance the growth of Malaysia by unlocking the premium gas demand in Peninsular Malaysia

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2 THE NATURAL GAS DISTRIBUTION INDUSTRY

2.1 INTRODUCTION

The natural gas distribution industry is a sub-set of the oil and gas industry in Malaysia. The natural gas distribution industry involves the distribution of natural gas through a pipeline reticulation system. The molecular composition of natural gas is predominantly methane (CH_4) and ethane (C_2H_6). Natural gas is a colourless, odourless, flammable and non-toxic gas.

Natural gas is a low carbon-emitting hydrocarbon fuel. It is a relatively low polluting fossil fuel that releases relatively lower greenhouse gas emissions compared to other hydrocarbon fuels. In Peninsular Malaysia, natural gas is supplied to consumers through the national gas distribution pipelines operated by PETRONAS Gas Berhad ("PGB") and Gas Malaysia Berhad ("GMB").

The natural gas industry is structured within the oil and gas industry with upstream activities involving the exploration, development and extraction of resources and downstream activities involving crude oil refining, product retailing, natural gas processing and transmission, as well as manufacturing and shipping liquefied natural gas ("LNG"). Main petroleum companies involved in the upstream sector are those with Production Sharing Contracts with Petroliam Nasional Berhad ("PETRONAS"). These include PETRONAS Carigali Sdn Bhd ("PCSB"), ExxonMobil Exploration and Production Malaysia Inc., Shell Sabah Selatan Sdn Bhd, Nippon Oil Exploration (Peninsula Malaysia) Limited, Lundin Malaysia B.V., Sabah Shell Petroleum Co. Ltd. and Sarawak Shell Berhad. PGB is a company involved in natural gas processing in the country. Companies involved in natural gas distribution are PGB and GMB, while the manufacturing of LNG is by Malaysia LNG Sdn Bhd, Malaysia LNG Dua Sdn Bhd, and Malaysia LNG Tiga Sdn Bhd, and the shipping of LNG is through MISC Berhad.

The gas distribution industry in Malaysia has its origins as a by-product of the oil industry. In Peninsular Malaysia, the first natural gas discoveries were made by ESSO Malaysia Berhad off the coast of Terengganu in the early 1970s, and associated gas was first produced in 1973. In 1980, PCSB, the exploration arm of PETRONAS drilled its first offshore appraisal well in Terengganu at the Duyong gas field. A year later, PETRONAS commenced operating its liquefied petroleum gas ("LPG") retail outlets. PGB was incorporated to manage gas operations under PETRONAS in 1983, and the Petronas Carigali Duyong Gas Development Project was completed to supply natural gas from the gas field in the Duyong Gas Development Project to Kertih. PETRONAS exported its first LPG shipment in 1985.

PGB, through its Plant Operations Division, carries out the gas processing activities, and its Transmission Operations Division carries out the transmission and delivery services of gas to customers in Peninsular Malaysia. Besides processing and delivering gas, PGB also manufactures, supply and markets industrial utility products to the Kertih Integrated Petrochemical Complex, a petrochemical hub, and Gebeng Industrial Area.

GMB was incorporated in 1992 to support the sales and supply of natural gas to customers in Peninsular Malaysia which initially use natural gas in volumes below 2 million standard cubic feet per day ("MMScfd").

2.2 INDUSTRY SEGMENTATION

The production of natural gas comprises the extraction of natural gas from oil and gas wells. The natural gas may either be in non-associated form whereby the natural gas is practically free of oil and other unwanted hydrocarbons, or it may be in associated form where the gas is either dissolved in crude oil or trapped as gas in crude oil. Natural gas from gas wells is typically non-associated, while natural gas from oil wells is typically associated.

Natural gas, whether in associated or non-associated form, will need to be processed before it can be distributed. The processes that natural gas undergoes before it is distributed are the removal of impurities such as water, oil, condensates (i.e., petroleum liquids), sulfur, and carbon dioxide. Natural gas liquids are also separated into different hydrocarbon components including ethane (C_2H_6), propane (C_3H_8), and butane (C_4H_{10}) which can be used to manufacture liquefied petroleum gas, fertilizers, and pesticides.

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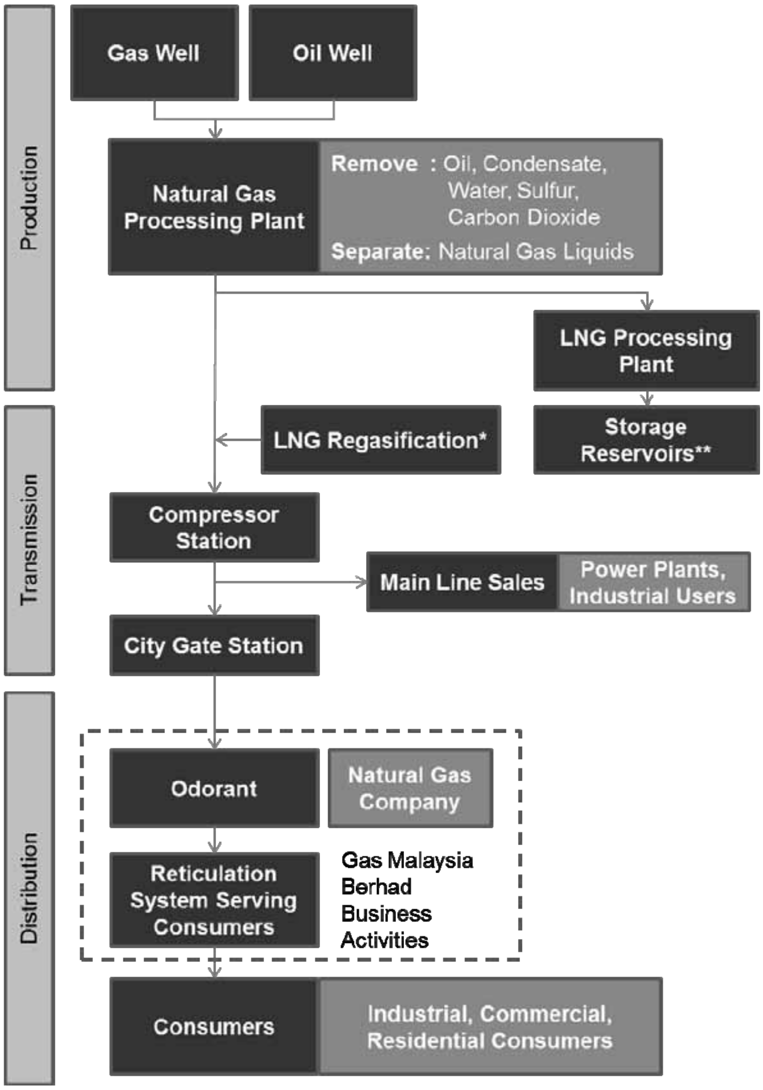
Natural Gas Production, Transmission, and Distribution (Malaysia)



* LNG regasification facility in Melaka completion expected in 2012
** LNG for export market

Source: Extracted from the IMR Report prepared by Frost & Sullivan

After processing, the natural gas is piped to compressor stations where it is compressed so that the gas can be propelled through pipelines to reach its consumers. For consumers who use a large volume of natural gas, such as power plants, the natural gas can be delivered directly to them through main distribution lines or to storage reservoirs. For consumers that use smaller volumes, the natural gas is typically delivered via regulating stations to decrease the pressure of the natural gas to appropriate levels before it is piped to the consumers. As natural gas is colourless and odourless but highly flammable, an odorant is added so that it can be detected in the case of any gas leaks to the environment.

In Malaysia, the gas distribution companies take the odorised natural gas and distribute it as natural gas. LNG is also processed in Malaysia, but only for export purposes. LNG is created by super-refrigerating the natural gas to -160 Celcius so that it turns into liquid form, thus making it more space saving and easier to transport using LNG tankers globally. LNG is used for transporting large volumes of natural gas to different countries, where it is then regasified and piped as natural gas to consumers in those countries.

LPG is also distributed in Malaysia. LPG is a mixture of hydrocarbons, typically propane and butane. It is derived from a number of processes including refinery processes, crude oil stabilisation, and natural gas processing. LPG is a result of liquefaction to allow the gas to be stored in cylinders or tankers and then distributed. LPG is typically used in homes for cooking, in camping and barbecue equipment, at industrial settings, and as transport fuel. Another type of natural gas form used is compressed natural gas ("CNG"). CNG is made by compressing natural gas to a high pressure and the resultant CNG in gaseous form is stored in high pressured cylinders or tankers. CNG is used typically in automotive vehicles, or Natural Gas Vehicles ("NGV") in Malaysia to replace petrol and diesel fuels.

A reticulation system is used to deliver natural gas to consumers. The reticulation system comprises of pipes that connect the compressor station - sometimes known as a City Gate Station in the gas distribution industry in Malaysia - and odorant station forming direct pipelines to industrial users, commercial premises, and to residential homes. Industrial consumers of natural gas include mainly power generation plants and manufacturing companies who use the natural gas as fuel for their smelters, kilns, and boilers.

Malaysia constructed its national pipeline network under the Peninsular Gas Utilisation ("PGU") project from 1984 to 1998, with additional sections being added progressively. The goals of the PGU were, amongst others, to diversify the indigenous primary energy resource in Malaysia, replace imported fuel oil as an energy source to reduce foreign exchange, provide a stable energy feedstock source for industries, produce by-products such as LPG and other condensates, increase foreign exchange earnings through the export of surplus gas resources. The PGU is owned and operated by PGB.

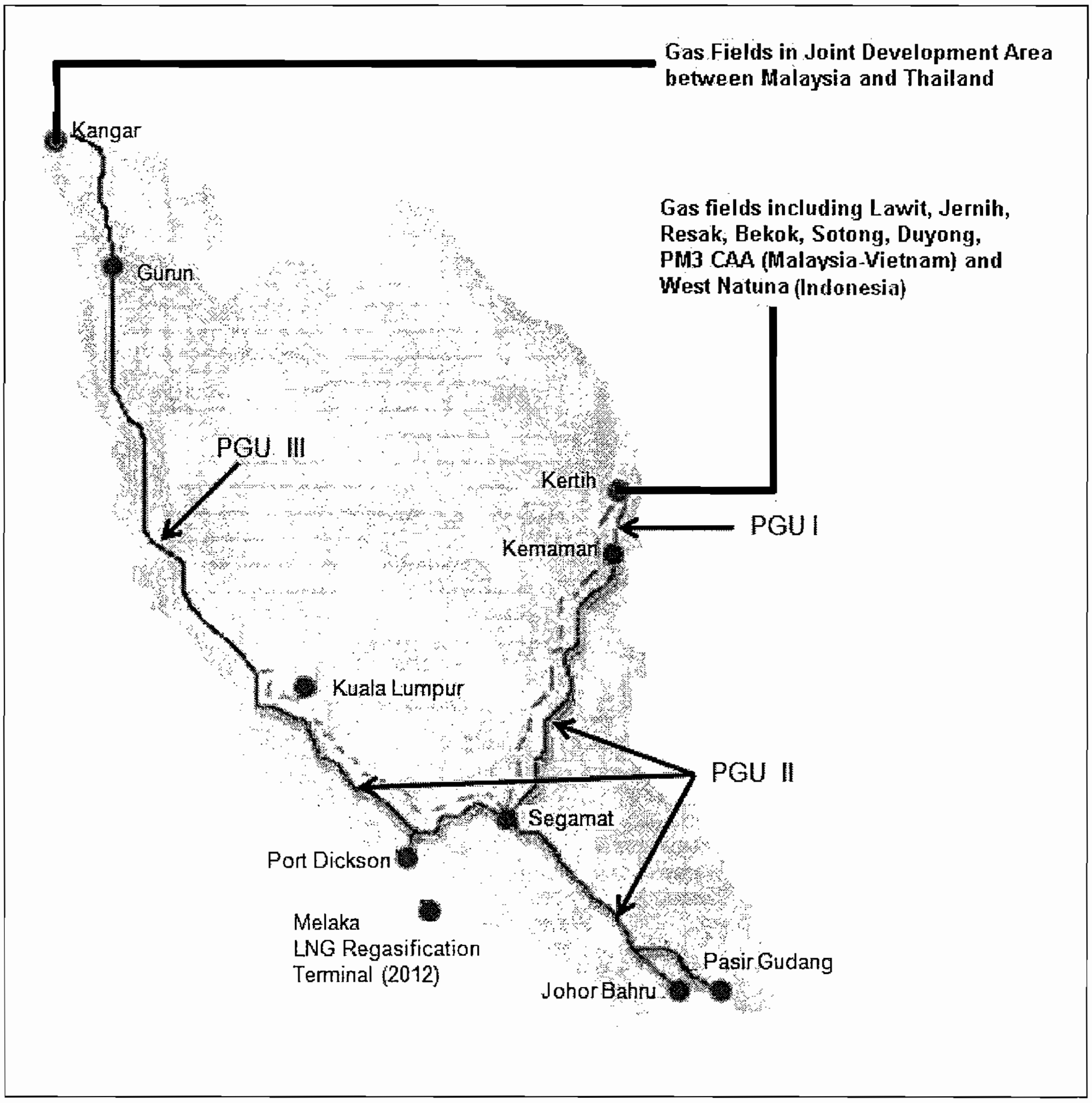
The PGU has three sections which includes six gas processing plants and a gas transmission pipeline system that spans the length of the Peninsular:

PGU I – 32 kilometre ("km") in length, and commissioned in 1984. Processing and delivery of gas in Terengganu. This included pipelines from offshore Terengganu to the LLN (now known as Tenaga Nasional Berhad ("TNB")) Power Station in Paka, the Perwaja Terengganu Sdn Bhd steel mill in Teluk Kalong, and the pilot gas reticulation project in Kertih which included the LPG Export Terminal in Tanjung Sulong.

PGU II – 685km in length, and commissioned in 1991. Bi-coastal piping of gas from Terengganu to Port Klang, Port Dickson, and Singapore. This involved piping gas from the gas processing plant in Terengganu to power stations and industries along the West Coast of Malaysia and Johor, as well as reaching Singapore for sale.

PGU III – 450km in length, and commissioned in 1998. Delivery of gas through a trans-peninsular pipeline from the Klang Valley to the Prai Power Station in Penang.

Peninsular Gas Utilisation Owned and Operated by PGB (Peninsular Malaysia)



Source: Extracted from the IMR Report prepared by Frost & Sullivan

PGU I, II, and III are the nation's main natural gas pipelines, which are further supported by reticulation loops and lateral lines, forming approximately 2,505km of interconnecting natural gas pipelines throughout Peninsular Malaysia.

While the PGU delivers natural gas to very large industrial users such as power plants in Peninsular Malaysia, it is primarily a gas transmission line. Connected to the PGU are the natural gas distribution pipelines through the Natural Gas Distribution System ("NGDS") which is owned and operated by GMB. The NGDS distributes natural gas to a majority of industrial, commercial and residential users in Peninsular Malaysia. Most of these users use smaller volumes of natural gas as compared to power plants, but number higher in terms of users.

The NGDS's reticulation system begins from the City Gate Stations (predominantly owned by PGB with several owned by GMB) which connect to the GMB District Stations, Area Stations, Regulating Stations and Service Stations. The NGDS consists of pipelines, an odorant system, pressure reduction systems, metering systems, cathodic protection systems, and marker systems.

2.3 INDUSTRY SIZE AND GROWTH (I.E. CONSUMPTION)

The apparent consumption of natural gas in Malaysia grew from about 315 billion cubic feet in 1990 to an estimated 1,260 billion cubic feet in 2010. This is a three-fold increase over the 21-year period, with a compound annual growth rate ("CAGR") of about 7.2%. Peninsular Malaysia accounts for approximately 90% of natural gas consumption in Malaysia.

Natural Gas Consumption (Malaysia), 1990-2010

Year	Consumption (billion cubic feet)	Growth Rate (%)
1990	315.0	-
1995	484.9	53.9
2000	819.7	69.0
2005	1144.9	39.7
2010	1,260.0	10.1
CAGR 1990-2010	7.2%	

Source: Extracted from the IMR Report prepared by Frost & Sullivan

While petroleum products accounted for approximately 54.5% of Malaysia's energy consumption in 2008, natural gas only provided for approximately 23.9% of the nation's energy use. It is noteworthy that the share of natural gas in the energy consumption mix has been steadily increasing. The use of natural gas has increased at a CAGR of 13.5% between 2000 and 2008, a significantly higher growth compared to 2.8% for petroleum products and 5.3% for total energy use.

Many end-users, particularly in the industrial sector, still rely on other fuel sources such as diesel, coal and fuel oils for their needs. Going forward, with continued industrial and manufacturing growth, it is expected that supply will not be able to keep up with demand. In light of this, PETRONAS intends to import LNG into the country which can be illustrated by the following developments / trends:

Construction is currently underway for the LNG regasification facility in Sungai Udang, Melaka to receive, store and regasify imported LNG for distribution to customers in Peninsular Malaysia. The project consists of two offshore floating storage units (FSUs) to receive and store LNG, an offshore LNG regasification unit, an island jetty, as well as subsea and onshore pipelines that would transport the gas to the PGU system.

The Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) Contract for the LNG Regasification Unit, Island Berth and Subsea Pipeline was awarded in January 2011 to a consortium between Perunding Ranhill Worley Sdn Bhd and Muhibbah Engineering (M) Sdn Bhd. The regasification facilities are expected to be completed by July 2012 and will have maximum throughput capacity of 3.8 million tonnes per year. It is expected that PETRONAS will import LNG from the open market from 2012 onwards.

Other sources of import could possibly include import contracts. The following are key import contracts:

- Petronas has a 27.5% stake in the Santos-led coalseam gas-based Gladstone LNG project in the eastern Australian state of Queensland and has a 20-year contract to buy 3.5 million mt/year of LNG from the project
- Petronas has signed a contract with France's GDF Suez for the supply of 2.5 million mt of LNG over three-and-a-half years. Shipments will start from August 2012
- Qatargas has signed an agreement with Petronas to supply the Malaysian company with 1.5 million mt/year of LNG, under a long-term contract. The agreement is for 20 years, with the first LNG cargo to be delivered in 2013.

While the allocations that will be made to consumers from this injection of natural gas has yet to be finalised, it is expected that a majority of the regasified LNG will be used to feed into TNB for electricity, with other possible recipients of the allocation being GMB.

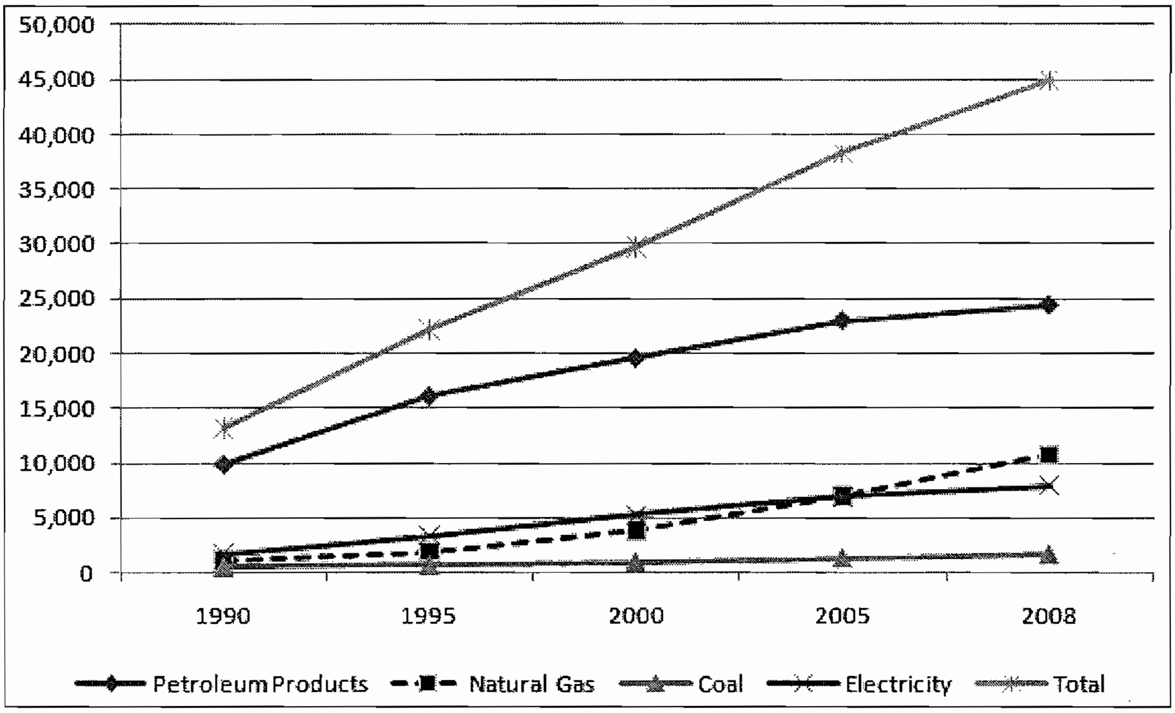
The second LNG import and regasification facility for peninsular Malaysia is being planned to be located at Pengerang in the state of Johor. This facility is part of

PETRONAS' US$20 billion Refinery and Petrochemical Integrated Development (Rapid) project.

With the construction of regasification terminals, the stage is being set for other suppliers to penetrate the hither-to monopoly market. Pursuant to this expected development, any party can bring in LNG and supply gas to Tenaga Nasional Berhad or other key industrial customers. However, the transportation of such imported LNG would have to rely on the existing pipeline networks which could provide revenue opportunities for the incumbent players, namely, PGB and GMB.

Energy Consumption by Non-Power Sector End Users according to Source (Malaysia), 1990-2008

Unit: thousand tonnes of oil equivalent ("ktoe")



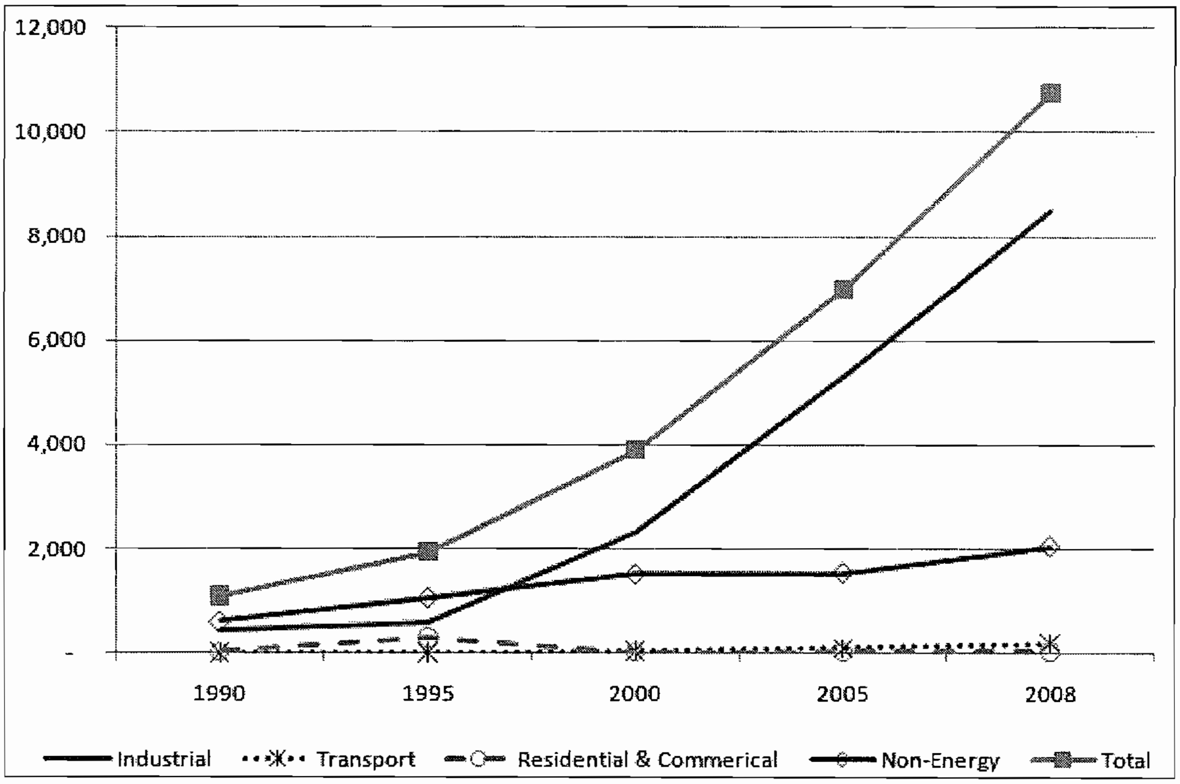
Year	Petroleum Products	Natural Gas	Coal	Electricity	Total
1990	9,896	1,093	513	1,715	13,217
1995	16,142	1,934	712	3,375	22,164
2000	19,582	3,895	991	5,263	29,699
2005	23,012	6,981	1,348	6,944	38,285
2008	24,451	10,751	1,713	7,986	44,901
CAGR 1990-2008	5.2%	13.5%	6.9%	8.9%	7.0%
CAGR 2000-2008	2.8%	13.5%	7.1%	5.4%	5.3%

Source: Extracted from the IMR Report prepared by Frost & Sullivan

Natural gas is used by consumers in the industrial, commercial, transportation and residential sectors, as well as by non-energy clients. The demand for natural gas is driven largely by the industrial sector, or by the increase in manufacturing activities, where natural gas is required to operate equipment such as boilers, furnaces and ovens. Excluding consumption by power plants, the industrial sector is the largest consumer of natural gas accounting for nearly 80% of consumption by non-power plant end-users in 2008, with a CAGR of approximately 17.7% between 1990 and 2008.

Consumption of Natural Gas by Non-Power Sector End Users (Malaysia), 1990-2008

Unit: ktoe



Year	Industrial	Transport	Residential & Commercial	Non-Energy	Total
1990	452	0	32	609	1,093
1995	577	4	289	1,064	1,934
2000	2327	40	16	1,512	3,895
2005	5,317	95	28	1,541	6,981
2008	8,474	194	37	2,046	10,751
CAGR 1990-2008 *CAGR 1995-2008	17.7%	34.8%*	0.8%	7.0%	13.5%
CAGR 2000-2008	17.5%	21.8%	11.0%	3.9%	13.5%

Source: Extracted from the IMR Report prepared by Frost & Sullivan

In terms of global consumption levels, Malaysia was ranked as the 26th largest consumer of natural gas in 2010, consuming an estimated 1,144.9 billion cubic feet. This is about 1.0% of global consumption of natural gas. The top five global consumers of natural gas are the United States, Russia, Iran, China and Japan. Together, these five countries accounted for 45.7% of the global consumption of natural gas in 2010. Global natural gas consumption grew at a CAGR of 2.4% between 2006 and 2010.

2.4 PRODUCT SUBSTITUTION

Natural gas is used to provide heat and energy to consumers. In terms of a source of fuel and energy, natural gas may be substituted by other hydrocarbons such as, but not limited to, medium fuel oil ("MFO"), LPG, diesel and may potentially be substituted by synthetic or substitute natural gas (SNG) in the future. SNG can be synthesized from coal or biomass. Coal can be converted to SNG through steam and oxygen gasification, while biomass SNG ("bio-SNG") is currently being developed to create a renewable SNG from biomass gases such as methane.

The choice of substituting natural gas with these other fuels is dependent on the value that these resources provide the consumer both in terms of financial cost as well as thermal and calorific value, and the value for money that each unit of resource is able to provide the consumer.

The thermal and calorific value of several common fuels during heat combustion shows that comparing by kilogram weight, the main component of ethane in natural gas provides more combustion energy (i.e., 1.18 thousand tonnes of oil equivalent per metric tonne ("ktoe/t")) compared to other fuels such as diesel oil, fuel oil, and biodiesel. Thus, the selection of natural gas as a resource for fuel, feedstock, and heat is a compelling choice due to the efficient nature of this hydrocarbon in terms of energy per weight.

Estimated Average Heat Combustion for Common Fuels in Malaysia

Fuel	ktoe/t
Ethane[1]	1.180
Liquefied petroleum gas[2]	1.089
Natural gas[3]	1.059

[1] Ethane is a hydrocarbon with the molecular formula C_2H_6, with two carbon and six hydrogen molecules, which is a colourless and odourless gas extracted from natural gas and refinery gas streams.

[2] Liquefied petroleum gases are the light hydrocarbon fraction of the paraffin series, derived from the refinery process, crude oil stabilization plants and natural gas processing plants, comprising of either propane or butane, or a combination of the two.

Crude oil[4]	1.035
Diesel oil[5]	1.015
Bitumen[6]	0.999
Fuel oil[7]	0.992
Biodiesel[8]	0.879
Charcoal[9]	0.736

Source: Extracted from the IMR Report prepared by Frost & Sullivan

Notwithstanding that there are substitute fuels for natural gas, it can be seen from Malaysia's fuel mix statistics that natural gas has, in fact, been substituting other forms of fuels over the past decade. It is among the fastest growing fuel source by consumption, having registered a CAGR of 13.5% from 2000 to 2008, outpacing petroleum products and total fuel use at 2.8% and 5.3% respectively over the same period.

2.5 FUEL PRICES IN MALAYSIA

The buying and selling prices of natural gas is as a whole regulated and determined by the Government of Malaysia. In Malaysia, PETRONAS subsidises the price of natural gas. For the power sector, prior to July 2008, the Government of Malaysia had set the domestic price of natural gas at RM6.40 per million British thermal units ("MMBtu") and this was revised to RM14.31 per MMBtu in July 2008 and RM10.70 per MMBtu in March 2009.

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[3] Natural gas here refers to natural gas in liquid or liquefied hydrocarbon form produced in the manufacture, purification and stabilization of natural gas. These are those portions of natural gas which are recovered as liquids in gas fields and gas processing plants. Natural gas liquids include but are not limited to ethane, propane, butane, pentane, natural gasoline and condensate.

[4] Crude oil is a mineral oil consisting of a mixture of hydrocarbons of natural origin and associated impurities, such as sulphur.

[5] Diesel oil includes heavy gas oils. Gas oils are obtained from the lowest fraction from atmospheric distillation of crude oil, while heavy gas oils are obtained by vacuum redistillation of the residual from atmospheric distillation.

[6] Bitumen is a solid, semi-solid or viscous hydrocarbon with a colloidal structure that is brown to black in colour. It is obtained by vacuum distillation of oil residues from atmospheric distillation of crude oil.

[7] Fuel oil defines oils that make up the distillation residue. It comprises of residual fuel oils, including those obtained by blending.

[8] Biodiesels include biodiesel, biodimethylether, cold pressed bio-oil, and all other liquid biofuels which are added to, blended with, or used straight as transport fuel.

[9] Charcoal is produced by the heating of biomass vegetation and animal substances in the absence of oxygen to remove water to leave an impure carbon material that resembles coal.

The price of natural gas was set at RM10.70 per MMBtu (prior to 1 June 2011) if sold to the power sector. The subsidised price of natural gas was set at RM11.05 per MMBtu (prior to 1 June 2011) if sold to GMB. For other non-power sector, the price was set at RM15.35 per MMBtu (prior to 1 June 2011). On 30 May 2011, the Government of Malaysia announced a revision in regulated natural gas tariff for electricity and industrial sectors, whereby it will be increased by RM3 per MMBtu every six months from 1 June 2011 to 1 December 2015. As such, effective 1 June 2011, the price of natural gas was increased to RM13.70 per MMBtu when sold to the power sector, to RM14.05 per MMBtu when sold to GMB and RM18.35 per MMBtu when sold to other non-power sector.

The average MFO prices in Malaysia ranged between an annual average of approximately RM31.68 per MMBtu and approximately RM43.47 per MMBtu.

Diesel, just like natural gas, is also a price controlled item by the Government of Malaysia. The diesel price in mid-2008 was RM2.58 per litre, but this was brought down to RM1.70 per litre in December 2008. The price was subsequently increased to RM1.75 per litre, and then to the current rate of RM1.80 per litre in December 2010.

The current range of tariff rates to industrial end-users for natural gas is significantly lower compared to MFO price range. This difference is expected to provide a sufficient difference in price to cushion any potential reductions in the natural gas subsidies that may be imposed by the Government of Malaysia.

2.6 COMPETITIVE LANDSCAPE

There are two industry players in Peninsular Malaysia supporting the natural gas distribution industry. The two players are:

- GMB
- PGB

The main distinction between these two industry players is how they serve their customers, as at LPD. GMB sells and supplies natural gas to customers who initially consume less than 2 MMScfd. PGB is involved in the natural gas distribution industry as a transporter of natural gas to PETRONAS' customers, whereby the sale of natural gas to consumers who consume more than 2 MMScfd is by PETRONAS.

Gas Malaysia Berhad

GMB was incorporated in 1992 as a private limited company, and converted into a public limited company in 2011 under its present name. GMB sells, markets, and distributes natural gas to industrial, commercial, and residential customers in Peninsular Malaysia who initially consume less than 2 MMScfd per customer, via its NGDS, tapping from the PGU. Moving forward, GMB intends to increase their distribution of natural gas to customers who consume less than 5 MMScfd in 2013.

GMB also constructs and operates the NGDS. The NGDS covers approximately 1,800km of pipelines, delivering natural gas to customers in the Northern, Central, Southern and Eastern regions of Peninsular Malaysia. Apart from natural gas, GMB also supplies LPG to its customers in Peninsular Malaysia.

PETRONAS Gas Berhad

PGB was incorporated in 1983 as a private limited company. PGB was subsequently converted to a public limited company and listed on Bursa Malaysia Securities Berhad in 1995. PETRONAS holds 60.66% equity in PGB.

PGB delivers gas to PETRONAS customers in Peninsular Malaysia and Singapore through the PGU pipeline. PGB also supplies natural gas to PETRONAS customers in East Malaysia through two pipelines in Sarawak – a 41km pipeline in Miri and a 4km pipeline in Bintulu. In total, PGB has 2,550km of main, looping, lateral and interconnection pipelines in operation.

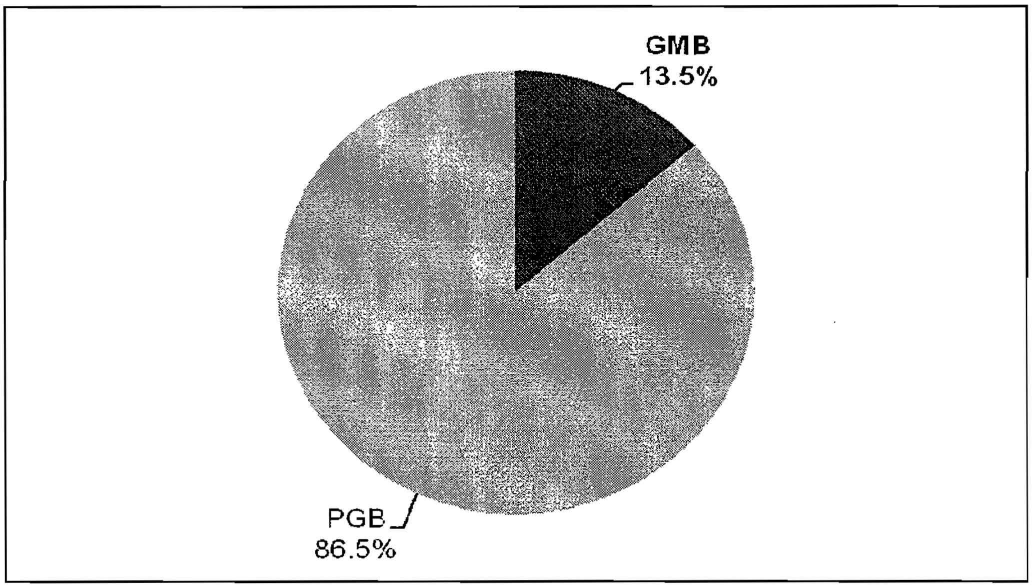
PGB serves consumers who use a high volume (i.e., greater than 2 MMScfd per customer) of natural gas, mostly to power plants operated by TNB as well as independent power producers in Peninsular Malaysia. PGB has diversified its business activities to include the manufacturing, supplying, and marketing of industrial products to the Kertih Integrated Petrochemical Complex in Terengganu and the Gebeng Industrial Area in Pahang.

The natural gas distribution industry in Peninsular Malaysia is segmented in terms of volume. PGB services and supplies to PETRONAS customers who require more than 2 MMScfd of natural gas, while customers that consume less than that amount initially are serviced by GMB. Both industry players have shown positive growth in terms of revenue between 2006 and 2011. GMB has grown from RM1.2596 billion in revenue in 2006 to RM2.0002 billion at a CAGR of 9.7% over the same period. PGB has grown from RM2.8393 billion in revenue in 2006 to about RM3.525 billion in 2011 at a CAGR of 4.4% in the same period.

2.6.1 MARKET SHARE

The volume of natural gas distribution by these two industry players, as measured by the daily average volume of gas delivered to their customers, have recorded an increase annually. GMB has increased its daily average volume of gas delivered from 256 MMScfd in 2006 to 336 MMScfd in 2011, at a CAGR of 5.6%. PGB has increased its daily average volume of gas delivered from 2,122 MMScfd in 2006 to 2,146 MMScfd in 2011, at a CAGR of 0.2%. GMB's market share has increased from 10.8% in 2006 to 13.5% in 2011.

Market Share of Natural Gas Supplied (Peninsular Malaysia), 2011



Source: Extracted from the IMR Report prepared by Frost & Sullivan

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3 DEMAND CONDITIONS

3.1 MARKET DRIVERS

In Malaysia, the demand for natural gas is expected to be driven by the growth in the power and industrial sector, as well as the advantages that natural gas offers over other competing fuels.

Growth in the industrial and manufacturing sectors in Malaysia

The manufacturing sector was the second largest contributor to the economy with its share of GDP at 26.6% in 2009, and 27.7% in 2010. The manufacturing sector continued to grow, albeit at a more moderate pace, in 2011, whereby sales value in December 2011 was recorded at RM48.8 billion, which is a 1.1% growth compared to RM48.3 billion reported in December 2010. The five major industries whose sales increased significantly namely were:

- manufacturing of refined petroleum products,
- manufacturing of basic iron and steel products,
- manufacturing of machine tools,
- manufacturing of fertilisers and nitrogen compounds,
- manufacturing of domestic appliances, not elsewhere classified.

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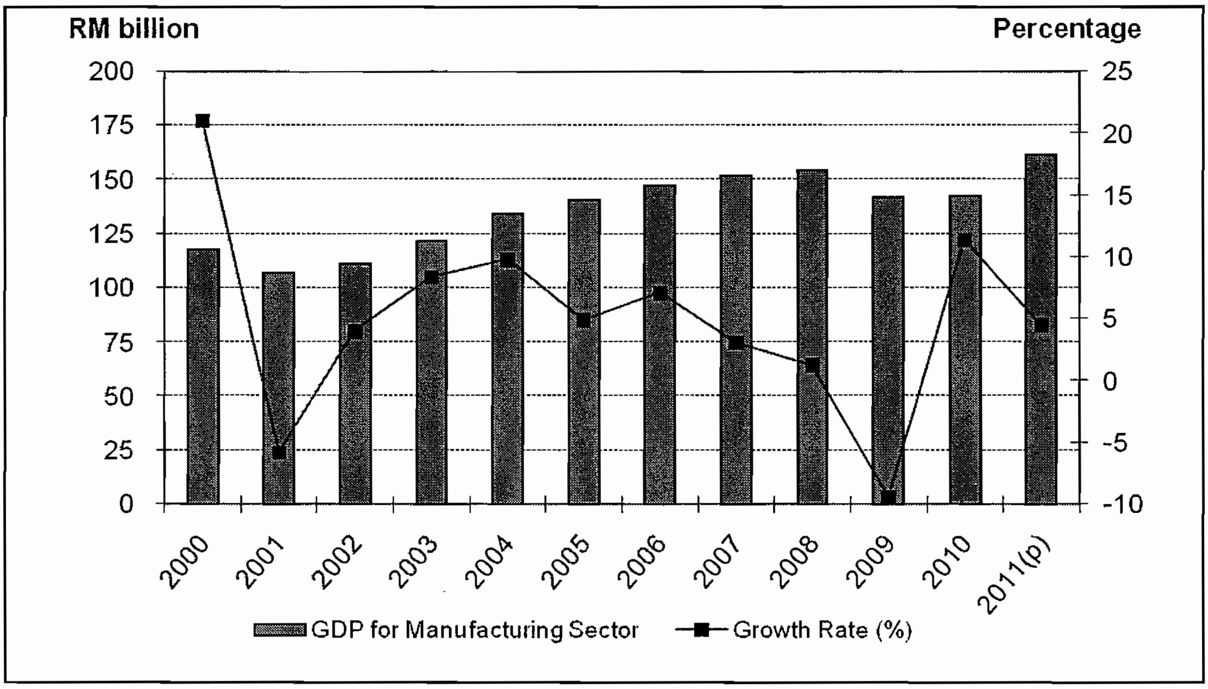
GDP for the Manufacturing Sector (Malaysia), 2000 – 2011(p)



Source: Extracted from the IMR Report prepared by Frost & Sullivan

In 2011, the manufacturing sector in Malaysia was worth RM161.6 billion in terms of GDP contribution, which is an increase of 4.5% from the previous year. The manufacturing sector will continue to remain key to Malaysia's economy, in which the Government of Malaysia has outlined further growth and development in the ETP. Examples of opportunities for growth under the ETP are the semiconductor substrate manufacturing, the solar wafer, cell, and module production, fabrication plants, and home appliances manufacturing.

The continued growth in the industrial and manufacturing sector will inevitably result in the increased demand for energy, and natural gas is expected to feature strongly as a fuel to meet these needs.

Competitive advantages of natural gas over other fuel sources

Natural gas, which consists mostly of methane and ethane, is a highly efficient energy source compared to other common fuel sources such as diesel, charcoal, and fuel oil. For example, the average heat combustion value as measured in ktoe/t is 1.180 and 1.059 for ethane and natural gas respectively, compared to 1.015 for diesel, 0.736 for charcoal, and 1.035 for crude oil. Due to this efficiency, natural gas provides more thermal power to its users, providing more energy output per unit weight.

In addition, natural gas is also considered a cleaner fuel source compared to coal, diesel and MFO because it produces lesser pollutants. These properties of natural gas provide end-users with an edge over their competitors running on other fuel sources, as it enables more efficient and cost-effective operations.

The appeal of natural gas is highlighted by its growth in usage over the past decade. Natural gas consumption has grown by a CAGR of approximately 13.5% from 2000 to 2008, compared to the CAGR of petroleum products at 2.81% and total fuel consumption growth at 5.3% over the same period, illustrating that natural gas has been effectively replacing other fuel sources. Additionally, there is room for growth in the consumption of natural gas in Malaysia, as it made up approximately 23.9% of the country's total fuel mix, as compared to about 54.5% of petroleum products, in 2008.

Natural gas is targeted as one of Malaysia's Entry Point Project

The natural gas distribution industry is expected to benefit from the attention that the oil and gas industry in general will receive as an Entry Point Project ("EPP") under the ETP. In early 2011, the Government of Malaysia announced that over RM10 billion is expected to be invested into the Malaysian oil and gas industry, including into the Telok gas development project intended to augment the country's natural gas supply to the energy producers and industrial consumers. The intention of this EPP is, among others, to improve the energy security of the country and to encourage further growth of the natural gas industry in the nation.

3.2 MARKET RESTRAINTS

In Malaysia, the restraints for the industry such as the limited supply of natural gas to domestic users and the competition from other fuel sources are expected to impede the growth of the natural gas distribution industry.

Limited domestic natural gas supply and gas curtailments in Peninsular Malaysia

Malaysia is one of the top 15 global exporters of natural gas. Even though the estimated consumption of natural gas is expected to increase, the volume of natural gas available domestically remains limited as natural gas continues to be used as an important foreign exchange revenue source.

As natural gas is a key source of fuel for the electricity supply industry, there is a growing concern that the depleting resources of natural gas and gas curtailments have affected the various stakeholders in the industry, especially power plants that use natural gas for power generation. Upstream supply disruptions led to a curtailment as gas-fired independent power projects in Peninsular Malaysia faced shortages of this fuel for power generation. In 2010, Peninsular Malaysia faced 122 days of gas curtailments. The market may become more restrained as curtailments reduce the attractiveness of natural gas as a reliable fuel source for power sector consumers.

To counter the limited natural gas supply in Peninsular Malaysia, PETRONAS intends to import LNG into the anticipated LNG regasification terminal off the coast of Melaka for regasification and distribution by the third quarter of 2012. However, as the LNG regasification terminal project is only expected to be completed at the end of July 2012, the limitation on the domestic natural gas supply in Malaysia is expected to continue as a restraining factor in the next couple of years.

Competition with natural gas substitutes such as coal and diesel

Currently, natural gas remains as a competitive source of fuel due to its subsidised price in Malaysia as well as the relatively high energy value that it can provide for the same amount of weight compared to other fuels such as coal and diesel. The low carbon content of natural gas also makes this cleaner and more environmental-friendly compared to its substitutes.

Major consumers such as power plants, manufacturing plants and commercial complexes are able to choose from a number of fuel sources to meet their needs. Power plants may be coal-fired, gas-fired, diesel-fired, or they may even be powered by a non-hydrocarbon source such as water at hydropower plants. Manufacturers and commercial complex owners may also choose to power their machines and premises using natural gas substitutes, perhaps because they already have existing systems such as boilers that use natural gas substitutes.

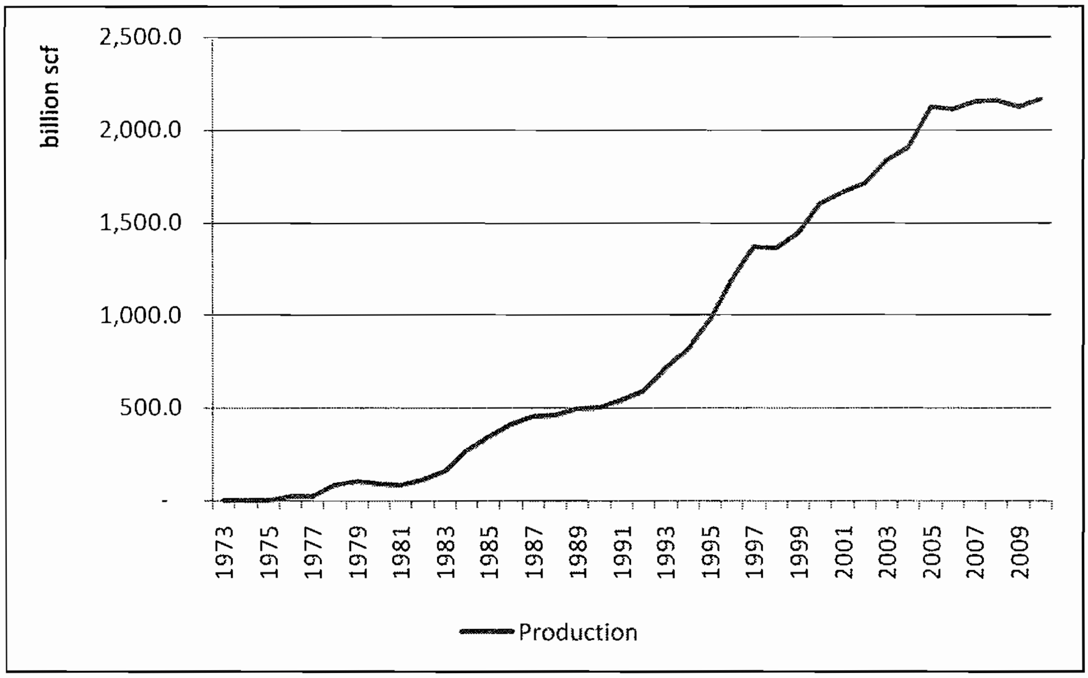
As long as these natural gas substitutes remain as viable alternative options to provide energy to consumers in Malaysia, this competitive restraint is expected to continue to influence this industry.

4 SUPPLY CONDITIONS

4.1 NATURAL GAS PRODUCTION

Malaysia's natural gas production started in 1973 and has grown by a CAGR of approximately 19.3%, from 3.2 billion cubic feet to approximately 2.2 trillion cubic feet in 2010. Today, Malaysia produces approximately 2% of global natural gas production. Production growth in the last decade has slowed due to depleting reserves, recording a CAGR of 3.1% between 2000 and 2010. Malaysia's natural gas is produced in gas fields off Terengganu in Peninsular Malaysia and off the coast of East Malaysia, primarily Sarawak.

Annual Production of Natural Gas (Malaysia), 2000-2010



Year	Production (billion scf)	Percentage Growth (%)
1973	3.2	--
1974	2.9	-9.4
1975	5.9	103.4
1976	21.6	266.1
1977	21.8	0.9
1978	85.1	290.4
1979	105.6	24.1
1980	93.1	-11.8
1981	84.7	-9.0

Year	Production (billion scf)	Percentage Growth (%)
1992	593.8	8.6
1993	715.9	20.6
1994	816.4	14.0
1995	972.4	19.1
1996	1,188.1	22.2
1997	1,364.2	14.8
1998	1,358.5	-0.4
1999	1,442.4	6.2
2000	1,598.3	10.8

Year	Production (billion scf)	Percentage Growth (%)	Year	Production (billion scf)	Percentage Growth (%)
1982	113.6	34.1	2001	1,657.7	3.7
1983	157.4	38.6	2002	1,706.8	3.0
1984	272.0	72.8	2003	1,829.6	7.2
1985	345.3	26.9	2004	1,901.9	4.0
1986	416.1	20.5	2005	2,117.0	11.3
1987	457.1	9.9	2006	2,107.7	-0.4
1988	463.4	1.4	2007	2,147.8	1.9
1989	493.1	6.4	2008	2,154.9	0.3
1990	502.5	1.9	2009	2,119.4	-1.6
1991	546.9	8.8	2010	2,160.9	2.0

CAGR 1973 – 2010: 19.3%
CAGR 2000 – 2010: 3.1%

Source: Extracted from the IMR Report prepared by Frost & Sullivan

Malaysia is one of the top 15 producers of natural gas globally, ranking as the 14th largest global producer of natural gas in 2010. The top five global producers, namely United States, Russia, Canada, Iran, and Norway, produced an estimated 50% of global natural gas production in the same year.

The longevity of the natural gas industry is dependent on natural gas reserves. The 2010 proven gas reserve in Malaysia was estimated to be 83.0 trillion cubic feet, ranked 16th highest worldwide and amounting to about 1.3% of global reserves. At 2009 production rates, the estimated gas reserves in both Peninsular and East Malaysia are expected to last about four decades. Natural gas in East Malaysia is expected to hold about two thirds of gas reserves in Malaysia and will be used for export and domestic consumption. The reserves on the Peninsular are expected to deplete sooner and will be predominantly used for domestic consumption. The top five countries with the largest gas reserves amounting to 62.8% of global reserves are Russia, Iran, Qatar, Turkmenistan, and Saudi Arabia.

4.2 RELIANCE ON IMPORTS

Malaysia has been a net exporter of natural gas for the most part of the last decade, and is currently one of the largest exporters of LNG in the world. Almost all of the natural gas produced in East Malaysia is liquefied in Bintulu and exported as LNG. The natural gas produced off the coast of Terengganu in Peninsular Malaysia is virtually all for consumption in Peninsular Malaysia.

While Malaysia has historically been self-sufficient in its natural gas needs, in recent years, demand from consumers, largely from the industrial sector, has been growing.

However, a large proportion of natural gas produced in the country is exported as LNG, thus resulting in the remaining supply becoming gradually insufficient. Hence, as discussed in Sections 2.3 of this report Malaysia targets to begin importing LNG to be regasified in Melaka to satisfy this growing domestic demand.

4.3 RELEVANT LAWS AND REGULATIONS

The Ministry of Energy, Green Technology and Water (KeTTHA) and the Energy Commission are the two general bodies that form the policies, laws and regulations for this industry. With regard to the management of gas supply specifically, this falls under the jurisdiction of the Minister in charge of Matters Relating to Petroleum as per the Gas Supply Act, 1993 detailed below.

KeTTHA formulated the National Energy Policy of Malaysia based on three objectives, namely, (1) to extend the life of domestic depletable energy resources and diversification away from oil dependence to other forms of energy sources (2) to promote energy efficiency through regulation, provision of incentives and awareness programs and (3) to reduce the environmental impact of energy usage.

All major energy development projects are subject to mandatory environmental impact assessment. Supporting this policy is the Fuel Diversification Policy, which had defined four different types of fuels for Malaysia to focus under the "four-fuel" policy, namely oil, gas, coal, and hydropower. In 2001, this was revised to the "five-fuel" policy, with the introduction of renewable energy sources due to the rise in environmental awareness in Malaysia. The National Depletion Policy, dictates that domestic gas production in Peninsular Malaysia is restricted to 2,000 MMScfd, which is expected to imbue Malaysia with a longer period of natural gas reserves.

The Energy Commission is the statutory body regulating the sector which regulates the electricity supply industry and piped gas supply industry in Peninsular Malaysia and Sabah in order to ensure that the supply of these items to consumers is reliable, safe, and priced reasonably. The Energy Commission regulates the gas industry as stipulated under the following acts, circulars, and guidelines:

- Gas Supply Act, 1993 (Amendment 2001)

  An Act to provide for the licensing of the supply of gas to consumers through pipelines and related matters, the supply of gas at reasonable prices, the control of gas supply pipelines, installations and appliances with respect to matters relating to safety of persons and for purposes connected therewith.

- Gas Supply Regulations, 1997 (Amendment 2000)

  These regulations shall apply in relation to-

  (a) a gas pipeline or gas installation which is supplied or is to be supplied with gas;

  (b) a gas fitting which forms part or the gas pipeline or gas installation; and

  (c) a gas appliance or any part of it used in the gas pipeline or gas installation.

  For the purpose of these regulations, a reference to the installation of a gas pipeline includes a reference to the conversion of a pipe, fitting, metre, equipment, apparatus or appliances in order to use the gas supplied through the pipeline.

- Gas Supply (Compoundable Offences) Order 2006
- Gas Supply (Compounding of Offences) Regulations 2006
- Efficient Management of Electrical Energy Regulations 2008
- Energy Commission Act 2001 (Amendment 2010)

  (a) to regulate all matters relating to the supply of gas through pipelines and to protect any person from dangers arising from the supply of gas through pipelines and the use of gas as provided under the gas supply laws;

  (b) to promote efficiency, economy and safety in the generation, production, transmission, distribution, supply and use of electricity and in the supply of gas through pipelines and the use of gas supplied through pipelines;

  (c) to promote and safeguard competition and fair and efficient market conduct or, in the absence of a competitive market, to prevent the misuse of monopoly or market power in respect of the generation, production, transmission, distribution and supply of electricity and the supply of gas through pipelines.

- Occupational Safety and Health Act 1994 ("OSHA")

  The industry is subject to the OSHA. Under the OSHA, the industry has a general duty to employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, so far as is practicable, the safety and health of employees at work, and to provide a working environment, which is as far as possible safe, without risks to health, and adequate as regards facilities for their welfare at work. Industry players also have a duty to ensure, so far as is practicable, that other persons, not being their employees, who may be affected thereby are not thereby exposed to risks to their safety or health.

Under OSHA a safety and health officer is tasked with ensuring the due observance of the statutory obligations as regards to workplace health and safety and the promotion of a safe conduct of work at the place of work. Industry players may set up a health and safety committee to consult in promoting and developing measures to ensure the safety and health at the place of work of the employees, and in checking the effectiveness of such measures.

- Environmental Quality Act 1974

  The Environmental Quality Act 1974 restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a license, prohibits the discharge of oil into Malaysian waters, discharge of wastes into Malaysian waters without a licence and prohibits open burning. The agency responsible for implementing and monitoring Malaysia's environmental regulations and policies is the Malaysian Department of Environment and the local environmental authority.

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5 PROSPECTS AND OUTLOOK FOR GMB

Natural gas consumption in Malaysia grew from about 315 billion cubic feet in 1990 to an estimated 1,260 billion cubic feet in 2010, at a CAGR of about 7.2% during this period. Going forward, it is expected that there will be a shortage in natural gas supply domestically.

To address this shortfall, the country is expected to import LNG from the open market from mid-2012 onwards. This is a positive move for the industry, as potential demand is already outweighing current supply, and this new LNG supply will help develop the industry further. Being the only licensed distributor of natural gas in Malaysia, GMB will benefit from this increased gas supply as it will be able to address future growth in consumer demand.

The demand for natural gas supplied by GMB is driven by the industrial sector, or by the increase in manufacturing activities, where natural gas is required to operate equipment such as boilers, furnaces and ovens. The industrial sector is the largest consuming sector of natural gas, accounting for nearly 80% of consumption by non-power plant end-users in 2008 with a CAGR of approximately 17.7% between 1990 and 2008.

Petroleum products accounted for approximately 54.5% of Malaysia's energy consumption while natural gas only provided for approximately 23.9% of the nation's energy use in 2008. Many end-users, particularly in the industrial sector, still rely on other fuel sources such as diesel, coal and fuel oils for their needs, but due to the advantages that natural gas offers, including higher energy efficiency and cleaner burning, many could be persuaded to switch to natural gas. Over the last decade, the share of natural gas in the energy consumption mix in Malaysia has been steadily increasing, growing at a CAGR of 13.5% between 1990 and 2008, significantly higher compared to 5.2% for petroleum products and 7.0% for total energy use.

All of the above factors bode well for GMB as it looks to strengthen its position as a key player in the natural gas industry in Malaysia. Demand will remain strong as Malaysia's economic transformation takes place, with the industrial and manufacturing sector continuing to be critical to the overall growth of the country.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

9.1 Directors

9.1.1 Board

Our Board is guided by the principles of corporate governance as laid down in the Malaysian Code on Corporate Governance ("Code"). In line with the Best Practises of the Code, our Board has the following responsibilities:

(i) reviewing and adopting a strategic plan for our Group;

(ii) overseeing the conduct of our Group's businesses to evaluate whether our businesses are being properly managed;

(iii) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

(iv) succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;

(v) developing and implementing an investor relations programme or shareholders' communications policy for our Company; and

(vi) reviewing the adequacy and the integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines.

As at LPD, our Board consists of nine (9) Directors, three (3) of whom are Independent Directors. In addition, there are four (4) Alternate Directors. Upon Listing, at the annual general meeting in every year, one third of our Directors must retire from office but are eligible for re-election. Our Directors must submit themselves for re-election at least once in three (3) years.

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The members of our Board comprise the following Directors:

Name	Age	Address	Nationality	Date of appointment as Director	Designation
Dato' Hamzah bin Bakar	68	No. 14 Jalan Bola Lisut 13/17 40100 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	17 January 2003	Director and Chairman
Datuk Muhamad Noor bin Hamid	60	No. 5, Jalan SS4B/10 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	31 March 2006	Managing Director
Datuk Hj Hasni bin Harun	54	No. 26, Jalan PJU 3/17A Tropicana Indah 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	11 April 2008	Director
Samsudin bin Miskon	51	DL 49, Jalan Nilam Taman Bukit Ampang 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	15 January 2009	Director
Shazali bin Dato' Hj Shahrani	36	No. 1, Jalan Penggawa 12/10, Bukit Kayangan 40000 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	13 August 2009	Director
Tadaaki Maeda	66	6-20-3, Ryokuen, Izumi-ku Yokohama, Kanagawa Japan 245-0002	Japanese	15 April 2005	Director
Datuk Puteh Rukiah binti Abd Majid	58	No. 15 Jalan Pekaka 8/15E Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	16 August 2011	Director
Tan Lye Chong	56	No. 8, Jalan U8/48A Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	16 August 2011	Director
Syed Abu Bakar bin S Mohsin Almohdzar	61	No. 1 Lengkok Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian	16 August 2011	Director
Karima binti Mohd Noor	36	297-8-4, Menara Bangsar Jalan Maarof 59000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian	1 August 2011	Alternate Director to Samsudin bin Miskon
Tsuneaki Nakamura	52	3-8-2-206, Hikarigaoka Nerima-ku Tokyo 1790072, Japan	Japanese	2 April 2012	Alternate Director to Tadaaki Maeda

Name	Age	Address	Nationality	Date of appointment as Director	Designation
Atsunori Takeuchi	45	14-3-3 Impian Emas No. 14, Jalan Kapas 59100 Bangsar Wilayah Persekutuan Malaysia	Japanese	20 April 2009	Alternate Director to Tadaaki Maeda
Rosthman bin Ibrahim	39	No. 2 Jalan Kubah U8/48E Seksyen U8 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Malaysia	16 June 2011	Alternate Director to Shazali bin Dato' Hj Shahrani

9.1.2 Biographies of Directors

Dato' Hamzah bin Bakar is our Non-Independent Non-Executive Director and Chairman. He was appointed to our Board since 17 January 2003 and subsequently appointed as our Chairman from 1 September 2004. Dato' Hamzah holds a BSc (Hons) degree in Economics from the Queen's University of Belfast, United Kingdom and a Masters degree in Public Policy and Administration from the University of Wisconsin, United States of America. Prior to his retirement in 2000, he had served in PETRONAS for 20 years in various management positions, including corporate planning, KLCC project development and implementations, oil refining, marketing, planning and development of natural gas projects. He also served as an Executive Director on PETRONAS board. Before PETRONAS, Dato' Hamzah had served in the Economic Planning Unit (EPU) of the Prime Minister's Department for 12 years. Currently, he is on the board of SapuraCrest Petroleum Berhad, CIMB Group Holdings Berhad, CIMB Investment Bank Berhad and several unlisted companies.

Datuk Muhamad Noor bin Hamid is our Non-Independent Executive Director and Managing Director. He was appointed to our Board since 31 March 2006 and currently is responsible for the overall management of all strategic issues of our Company.

Datuk Muhamad Noor held numerous positions during his 20 years service in PETRONAS, including heading up the PGU II project team and Head of the PGU Pipeline Operations. He also worked in OGP Technical Services Sdn Bhd, a joint-venture company between PETRONAS and Novacorp Corporation of Canada, where he was the General Manager of the Pipeline Division. His expertise has taken him to overseas assignments mainly in Sudan and Thailand. After leaving PETRONAS, Datuk Muhamad Noor was the Chief Operating Officer of Projass Engineering Sdn Bhd, a Class A Bumiputera construction company. He joined GMB in 2003 as the Chief Operating Officer and was appointed as Chief Executive Officer on 1 February 2004. On 24 April 2006, he was promoted to the position of Managing Director of GMB.

Datuk Muhamad Noor has more than 30 years of direct working experience in the oil and gas industry ranging from project planning and implementation, operation, consulting and contracting.

Datuk Muhamad Noor holds a Bachelor of Science (Hons) in Mechanical Engineering from Sunderland Polytechnic, England and Post Graduate Diploma in Gas Engineering from the Institute of Gas Technology in Chicago, Illinois, United States of America. He also attended the Management Program at the Wharton Business School of Management, University of Pennsylvania, United States of America.

Datuk Hj Hasni bin Harun is our Non-Independent Non-Executive Director. He was appointed to our Board since 11 April 2008. He holds a Masters degree in Business Administration from United States International University, San Diego, California and a Bachelor of Accounting (Honours) degree from University of Malaya. Datuk Hj Hasni is currently the Group Managing Director of MMC. Datuk Hj Hasni 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. Thereafter, he joined DRB-HICOM Berhad as Group Chief Financial Officer. In January 2007, he joined MMC as the Group Chief Operating Officer. In March 2008, he was appointed as the Chief Executive Officer Malaysia of MMC prior to his appointment as the Group Managing Director of MMC in May 2010. Datuk Hj Hasni is a member of the Malaysian Institute of Accountants. Datuk Hj Hasni also sits on the boards of Zelan Berhad, Aliran Ihsan Resources Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad and several private limited companies.

Samsudin bin Miskon is our Non-Independent Non-Executive Director. He was appointed to our Board since 15 January 2009. He graduated in Chemical Engineering from the University of Aston, United Kingdom in 1983. He obtained Masters of Science in Project Management from Reading University, United Kingdom in 1994. In 2005, Samsudin attended the Advanced Management Program at Harvard Business School. Samsudin began his career with PETRONAS in 1983 as a process engineer. He held several positions in the PETRONAS group including serving as General Manager in the Plant Division of OGP Technical Services Sdn Bhd, as General Manager of Malaysia LNG Dua Sdn Bhd, and later as Senior General Manager of Malaysia LNG Sdn Bhd, managing the operations of the PETRONAS LNG Complex in Bintulu, Sarawak. Prior to his current appointment, Samsudin was the Senior General Manager of Leadership and Capability Development Department of Human Resource Management Division in PETRONAS. He is the Managing Director/Chief Executive Officer of PGB since 2007. Samsudin currently sits on the board of several companies in the PETRONAS group.

Shazali bin Dato' Hj Shahrani is our Non-Independent Non-Executive Director. He was appointed to our Board since 13 August 2009. He holds a Diploma in Business Administration from Bond University, Australia. He began his career in January 1999 with the Shapadu group as an Audit executive in Shapadu Energy and Engineering Sdn Bhd. A year later, he expanded his career by taking on the position of Procurement Executive in the same company and was subsequently promoted as Procurement Manager in March 2003. In 2004, he was appointed as a General Manager in Shapadu Energy and Engineering Sdn Bhd, a position which he held for five (5) years. In 2007, he was nominated to attend the Asean Senior Management Development Program organised by Harvard Business School Alumni Club of Malaysia. Having accumulated vast experience and achievements through various clients and contracts both locally and internationally in the oil and gas industry, he was later appointed as the Chairman and a member of the board of directors of Shapadu Energy and Engineering Sdn Bhd and the Shapadu group of companies respectively in June 2009. He continuously contributed to the growth and success of Shapadu Energy and Engineering Sdn Bhd until his resignation in April 2012. As at LPD, he is a director of MMC-Shapadu and several other private limited companies.

Tadaaki Maeda is our Non-Independent Non-Executive Director. He was appointed to our Board since 15 April 2005. He is currently an Advisor of Tokyo Gas and President of Tokyo Gas-Mitsui. After he graduated from Graduate School of Engineering, the University of Tokyo, he joined Tokyo Gas in 1970. He was appointed in 2000 as Director and General Manager of Energy Sales and Service Planning Department of Tokyo Gas, and in 2002 as Senior Executive Officer and Chief Executive of Research & Development Division, where he directed the Tokyo Gas' Research & Development activities including development and commercialisation of fuel cells. In 2004, he was appointed as a member of the board, Senior Executive Officer and Chief Executive of Energy Resources Division, where he headed Tokyo Gas' procurement of natural gas and LPG distributed to consumers in Tokyo Metropolitan Area. In 2006, he was appointed as a member of the board, Executive Vice President and Chief Executive of Strategic Planning Division of Tokyo Gas. In 2007 he was appointed as a member of the board, Executive Vice President and Chief Executive of Energy Production Division of Tokyo Gas, responsible for Environmental Affairs Department. In 2010, he was appointed as a member of the board, Vice Chairman of Tokyo Gas. In 2011, he was appointed to his current position in Tokyo Gas.

Datuk Puteh Rukiah binti Abd Majid is our Independent Non-Executive Director. She was appointed to our Board since 16 August 2011. She holds a Bachelor of Economics (Hons) degree from University of Malaya and a Master of Economics from Western Michigan University, United States of America. She has held various senior posts in the Government from 1976 until 2011 which include the Principal Assistant Director, Economic Planning Unit of the Prime Minister's Department, Undersecretary, Investment, Privatisation and Public Enterprise Division of the Ministry of Finance and Deputy Secretary General (Systems and Controls) of the Ministry of Finance. She was on the boards of Tenaga Nasional Berhad, Perbadanan Usahawan Nasional Berhad, Pengurusan Aset Air Berhad, Penerbangan Malaysia Berhad, Amanah Raya Berhad and Cyberview Sdn Bhd. Currently, she is on the board of Bursa Malaysia Berhad and several unlisted companies.

Tan Lye Chong is our Independent Non-Executive Director. He was appointed to our Board since 16 August 2011. He is currently practising as an Approved Company Auditor in DT & Co. 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 more than 22 years until October 2010. He has over 30 years of working experience primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance. He is a Fellow member of the Association of Chartered Certified Accountants and is a member of the Malaysian Institute of Accountants. 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.

Syed Abu Bakar bin S Mohsin Almohdzar is our Independent Non-Executive Director. He was appointed to our Board since 16 August 2011. He is currently the Managing Director of the World Islamic Economic Forum Foundation. He is also a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He has held various senior positions in public listed companies in Malaysia. He was formerly the Managing Director of Tradewinds (M) Bhd and Executive Vice President of Tradewinds Corporation Bhd. Presently, he is an Independent Non-Executive Director of PadiBeras Nasional Berhad and the Chairman of its Audit Committee. He is also an Independent Non-Executive Director of Allied Hotels Properties Inc and King George Financial Corp Inc which are listed on the TSX Venture Exchange in Canada.

Karima binti Mohd Noor is our Alternate Director to Samsudin bin Miskon. She was appointed to our Board since 1 August 2011. She holds a degree in Economics, majoring in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom. She is currently the General Manager of Finance Division of PGB since February 2011. She is also a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Prior to joining PETRONAS, she pursued her articleship with Hanafiah Raslan & Mohamad. She began her career in PETRONAS in 2002 as a Finance Executive in PETRONAS Carigali Sdn Bhd and in the ensuing years, she served as an analyst in the Office of the President. She joined PGB in December 2008 and held various positions in the Financial and Management Accounting Department. She is also a Director of Kimanis O&M Sdn Bhd, a subsidiary of PGB.

Tsuneaki Nakamura is our Alternate Director to Tadaaki Maeda. He was appointed to our Board since 2 April 2012. After he graduated from the Graduate School of Engineering, University of Tokyo, he joined Tokyo Gas in 1984. In 2003, he was appointed to General Manager of Technology Research Institute of Tokyo Gas. During 2006 to 2009, he was seconded to the Institute of Applied Energy. Then in 2009, he was appointed to General Manager of Sodegaura LNG Terminal of Tokyo Gas. In 2012, he was appointed to his current position, the General Manager of Business Development Department in Tokyo Gas. He is also a Director of Tokyo Gas-Mitsui and a member of the board of Tokyo Gas International Holdings B.V., Tokyo Gas Australia Pty Ltd, MT Falcon Holdings Company, S.A.P.I. DE C.V. and Tokyo Gas Shale Investment Ltd.

Atsunori Takeuchi is our Alternate Director to Tadaaki Maeda. He was appointed to our Board since 20 April 2009. He is currently the Chief Representative of Asia Pacific Regional Office (Kuala Lumpur) of Tokyo Gas and a Director of Tokyo Gas-Mitsui. After he graduated from the Economics Department of Keio University, he joined Tokyo Gas in 1990. During the 2004 to 2005 academic year, he was engaged in his research project as Invited Scholar of Harvard University (Program on United States of America – Japan Relations) in the United States of America. He was appointed in 2007 to Deputy General Manager of Gas Resources Department in Tokyo Gas before assuming his current position in 2009.

Rosthman bin Ibrahim is our Alternate Director to Shazali bin Dato' Hj Shahrani. He was appointed to our Board since 16 June 2011. He is currently the Group Executive Director of Shapadu. He holds a Bachelor of Science in Management (Finance) degree from Case Western Reserve University, Cleveland Ohio, United States of America and Diploma in Business Studies from MARA Institute of Technology (now known as University Teknologi MARA). He first started his career with Chung Khiaw Bank (M) Bhd in March 1996 as a Corporate Banking Officer. He then moved to Business Focus Sdn Bhd as a Corporate Finance Manager in August 1996. In 1999, he joined Pengurusan Danaharta Nasional Berhad as an Executive responsible for the acquisition and restructuring of non-performing loan from Bank Bumiputra Malaysia Berhad. He later joined Bostonweb Academy Sdn Bhd in 2004 as Chief Financial Officer to undertake the corporate and financial functions which included the proposed listing of the company in AIM London Stock Exchange. In September 2006, he was appointed as an Independent Non-Executive Director of ARK Resources Berhad ("ARK"), a public listed company on the Main Market of Bursa Securities. Currently, he is the Chairman of Audit and a Nomination Committee in ARK. In November 2008, he joined Crowe Horwarth Advisory Sdn Bhd as a Director. In February 2010, he moved to Shapadu till now. In March 2011, he was appointed as an Independent Non-Executive Director and Chairman of Vastalux Energy Berhad, a public listed company on the Main Market of Bursa Securities.

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9.1.3 Principal business activities outside of our Company and directorships

The following table sets out the directorships of our Directors as at LPD and that which were held within the past five (5) years up to the LPD, and the principal business activities performed outside of our Company by our Directors as at LPD:

Name	Directorships	Involvement in business activities other than as a director
Dato' Hamzah bin Bakar	*Present directorships:* ▪ SapuraCrest Petroleum Berhad ▪ CIMB Group Holdings Berhad ▪ Adviable Ventures Sdn Bhd ▪ CIMB Group Sdn Bhd ▪ Valuecap Sdn Bhd ▪ Sapura Energy Sdn Bhd ▪ Iperintis Sdn Bhd ▪ Euro Oriental Industries Sdn Bhd ▪ CIMB Investment Bank Berhad ▪ SapuraKencana Petroleum Bhd *(formerly known as Integral Key Bhd)* ▪ Malaysian Institute of Economic Research (MIER) *Previous directorships:* ▪ Scomi Group Berhad ▪ Scomi Oiltools Sdn Bhd ▪ Langkah Perkasa Sdn Bhd	Nil
Datuk Muhamad Noor bin Hamid	*Present directorships:* ▪ Malakoff Corporation Berhad ▪ MMC Engineering Group Berhad ▪ Gas Malaysia (LPG) Sdn Bhd ▪ Pelantar Teknik (M) Sdn Bhd ▪ Kapar Energy Ventures Sdn Bhd *Previous directorship:* Nil	Nil
Datuk Hj Hasni bin Harun	*Present directorships:* ▪ Malakoff Corporation Berhad ▪ MMC Engineering Group Berhad ▪ MMC ▪ Johor Port Berhad ▪ Zelan Berhad ▪ Aliran Ihsan Resources Berhad ▪ MMC-Shapadu ▪ Anglo-Oriental ▪ City Island Holdings Limited ▪ MMC Engineering Services Sdn Bhd ▪ MMC International Holdings Limited ▪ MMC Ports Limited ▪ MMC Saudi Arabia Limited ▪ MMC Saudi Holdings Limited ▪ MMC Utilities Limited ▪ Red Sea Gateway Terminal Company Limited ▪ Red Sea Ports Development Company ▪ Jazan Economic City Land Limited ▪ MMC-Gamuda Joint Venture Sdn Bhd ▪ Malakoff International Limited ▪ Nilam Setar (M) Sdn Bhd ▪ Pelabuhan Tanjung Pelepas Sdn Bhd ▪ Seaport Worldwide Sdn Bhd ▪ Senai Airport Terminal Services Sdn Bhd ▪ Senai High Tech Park Sdn Bhd ▪ Syarikat Mengurus Air Banjir & Terowong Sdn Bhd ▪ MMC Gamuda KVMRT (PDP) Sdn Bhd	Nil

Name	Directorships	Involvement in business activities other than as a director
	▪ Projek Smart Holdings Sdn Bhd ▪ Southern Water Corporation Sdn Bhd ▪ RHB-H&F Management Company Sendirian Berhad ▪ Malaysian Capital Ventures Sendirian Berhad ▪ GB3 Sdn Bhd ▪ MMC Rail Ventures Sdn Bhd *(formerly known as MMC Ports Sdn Bhd)* ▪ Segari Energy Ventures Sdn Bhd ▪ Tanjung Bin Energy Sdn Bhd *(formerly known as Transpool Sdn Bhd)* ▪ Teknik Janakuasa Sdn Bhd ▪ MMC Gamuda KVMRT (T) Sdn Bhd *(formerly known as Viable Synergy Sdn Bhd)* *Previous directorships:* ▪ IJM Corporation Berhad ▪ Promino Sdn Bhd *(formerly known as EON Bank Berhad)* ▪ EON Capital Berhad ▪ Promitol Sdn Bhd *(formerly known as EONCAP Islamic Bank Berhad)* ▪ Konsortium Lebuh raya Butterworth-Kulim (KLBK) Sdn Bhd ▪ Labuan Reinsurance (L) Ltd ▪ MIMB Investment Bank Berhad *(formerly known as Malaysian International Merchant Bankers Berhad)* ▪ Seginiaga Rubber Industries Sdn Bhd ▪ MARDEC Berhad ▪ Recycle Energy Sdn Bhd ▪ Uni. Asia Life Assurance Berhad ▪ Uni. Asia General Insurance Berhad ▪ Uni. Asia Capital Sdn Bhd	
Samsudin bin Miskon	*Present directorships:* ▪ PGB ▪ Malaysia LNG Sdn Bhd ▪ Malaysia LNG Dua Sdn Bhd ▪ Malaysia LNG Tiga Sdn Bhd ▪ Kimanis Power Sdn Bhd ▪ Regas Terminal (Sg Udang) Sdn Bhd ▪ Regas Terminal (Pengerang) Sdn Bhd ▪ Regas Terminal (Lahad Datu) Sdn Bhd ▪ Trans Thai-Malaysia Sdn Bhd ▪ Trans Thai-Malaysia (Thailand) Ltd *Previous directorships:* ▪ Kimanis O&M Sdn Bhd ▪ Petronas Chemicals Marketing Sdn Bhd ▪ Gas District Cooling (UTP) Sdn Bhd ▪ TTM Sukuk Berhad ▪ Institute of Technology PETRONAS Sdn Bhd ▪ CEFS Response ▪ PETRONAS Chemicals Methanol Sdn Bhd *(formerly known as PETRONAS Methanol (Labuan) Sdn Bhd)*	Nil

Name	Directorships	Involvement in business activities other than as a director
Shazali bin Dato' Hj Shahrani	*Present directorships:* ▪ MMC-Shapadu ▪ MRS Resources Sdn Bhd ▪ Lebuhraya Shapadu Sdn Bhd ▪ Yayasan Shahrani ▪ Business Series Sdn Bhd *Previous directorships:* ▪ Shapadu Engineering & Technical Services Sdn Bhd ▪ Farabina Sdn Bhd ▪ Meloway Corporation Sdn Bhd ▪ Shapadu (Terengganu) Sdn Bhd ▪ Shapadu Safety Systems Sdn Bhd ▪ Sharikat Padu Sdn Bhd ▪ Damai Sewon Hi-Tech Industries Sdn Bhd ▪ SPH Resources Group Sdn Bhd ▪ Mega Upeh Sdn Bhd ▪ Syukur Potensi Sdn Bhd ▪ Sabil Corporation Sdn Bhd ▪ Shapadu Pertanian Sdn Bhd ▪ Pusat Pengantin & Kecantikan D'Kayangan Sdn Bhd ▪ Berkat Drilling Sdn Bhd ▪ Shapadu Rekacipta Sdn Bhd ▪ Shapadu Protection Systems Sdn Bhd ▪ Shapadu Industrial Dynamics Equipment Sdn Bhd ▪ Shapadu Offshore Services Sdn Bhd ▪ Berkat Shapadu Sdn Bhd ▪ Shapadu Telecommunications Sdn Bhd ▪ Shapadu Manpower Services Sdn Bhd ▪ Berkat Pertanian Leisure Sdn Bhd ▪ Lightalarm Electronics (Malaysia) Sdn Bhd ▪ Shapadu Development Sdn Bhd ▪ Shapadu Construction Sdn Bhd ▪ SPH Marketing Sdn Bhd ▪ Shapadu-Shorouk Sdn Bhd ▪ Berkat Y.B.K. Sdn Bhd ▪ Shapadu-Zeni Navigational Products Sdn Bhd ▪ Shapadu Instruments (M) Sdn Bhd ▪ Shapadu Composite Products (M) Sdn Bhd ▪ Shapadu Plus Three Sdn Bhd ▪ Shapadu-Sunhor Development Sdn Bhd ▪ Shapadu Drilling Sdn Bhd ▪ Shapadu Expressway Builders Sdn Bhd ▪ Nurayat Sdn Bhd ▪ Shapadu Security Sdn Bhd ▪ Shapadu Properties Sdn Bhd ▪ Wilayah Arms Sdn Bhd ▪ SEEN Dof Subsea Sdn Bhd ▪ Shapadu Energy Services Sdn Bhd *(formerly known as Shapadu Trading Sdn Bhd)* ▪ Shapadu Trans-System Sdn Bhd ▪ Berkat Perkapalan Sdn Bhd ▪ Jetty Services Sdn Bhd ▪ Shapadu East Cost Sdn Bhd ▪ Shapadu ▪ Shapadu Energy and Engineering Sdn Bhd ▪ Shapadu Resources Sdn Bhd *(formerly known as Shapadu Global Sdn Bhd)* ▪ Shapadu Rockwater Sdn Bhd ▪ Shazakami ▪ Shapadu Capital Sdn Bhd ▪ Rasa Setia Sdn Bhd ▪ Clariant Oil Services (Malaysia) Sdn Bhd ▪ Fortvest Sdn Bhd	Nil

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

Name	Directorships	Involvement in business activities other than as a director
	▪ Building Solutions (Malaysia) Sdn Bhd	
Tadaaki Maeda	*Present directorship:* ▪ Tokyo Gas-Mitsui *Previous directorship:* ▪ Tokyo Gas	Nil
Datuk Puteh Rukiah binti Abd Majid	*Present directorships:* ▪ Bursa Malaysia Berhad ▪ Pelaburan Hartanah Berhad ▪ Tradisi Gemilang Sdn Bhd ▪ Fabtronic Sdn Bhd *Previous directorships:* ▪ Penang Port Holdings Berhad ▪ Tenaga Nasional Berhad ▪ Pengurusan Aset Air Berhad ▪ Perbadanan Usahawan Nasional Berhad ▪ Penerbangan Malaysia Berhad ▪ Prokhas Sdn Bhd ▪ Amanah Raya Berhad ▪ Malaysian Biotechnology Corporation Sdn Bhd ▪ Pembinaan BLT Sdn Bhd ▪ Malaysian Directors Academy (MINDA) ▪ Govco Holdings Berhad ▪ Pengurusan Danaharta Nasional Berhad ▪ Inno Bio Contract Services Sdn Bhd ▪ Syarikat Jaminan Pembiayaan Perniagaan Berhad ▪ Syarikat Jaminan Kredit Perumahan Berhad ▪ Jambatan Kedua Sdn Bhd ▪ Bank Pertanian Malaysia Berhad ▪ Malaysia Blue Ocean Strategy Institute ▪ Pembinaan PFI Sdn Bhd ▪ Inno Biologics Sdn Bhd ▪ Assets Global Network Sdn Bhd ▪ Kedah Aquaculture Sdn Bhd ▪ Aroma Teraju Sdn Bhd ▪ Piramid Pertama Sdn Bhd ▪ Cyberview Sdn Bhd ▪ Aircraft Business Malaysia Sdn Bhd ▪ Pendinginan Megajana Sdn Bhd ▪ Malaysian Airline System Berhad ▪ Malaysia Development Holding Berhad ▪ Aset Tanah Nasional Berhad ▪ Inno Bio Ventures Sdn Bhd ▪ Perwaja Terengganu Sdn Bhd	Nil
Tan Lye Chong	*Present directorship:* ▪ Nil *Previous directorships:* ▪ BDO Capital Consultants Sdn Bhd ▪ BDO Tax Services Sdn Bhd ▪ Agensi Pekerjaan BDO Management Services Sdn Bhd ▪ BDO Consulting Sdn Bhd ▪ BDO Research Sdn Bhd ▪ BDO Governance Advisory Sdn Bhd	▪ Sole proprietor of DT & Co., an audit firm

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

Name	Directorships	Involvement in business activities other than as a director
Syed Abu Bakar bin S Mohsin Almohdzar	*Present directorships:* ▪ PadiBeras Nasional Berhad ▪ Sime Darby Motors Sdn Bhd ▪ King George Financial Corp Inc ▪ Allied Hotels Properties Inc ▪ Tanjung Saga Sdn Bhd ▪ Bukit Panau Estate Sdn Bhd ▪ Jaksarama Sdn Bhd ▪ Designs Malaysia Sdn Bhd ▪ Ayu Wira Sdn Bhd ▪ Kadania Jaya Sdn Bhd ▪ Digiport (M) Sdn Bhd ▪ Seri Alam Golf & Equestrian Club Sdn Bhd ▪ Femrite Sdn Bhd ▪ Desa Perdana Logistics Sdn Bhd ▪ Desa Perdana Equestrian Sdn Bhd *Previous directorships:* ▪ Johor Port Berhad ▪ Premier Business Ventures Sdn Bhd ▪ Tradewinds Johor Sdn Bhd ▪ YHL Holding Sdn Bhd ▪ World Islamic Economic Forum Foundation	Nil
Karima binti Mohd Noor *(Alternate Director to Samsudin bin Miskon)*	*Present directorship:* ▪ Kimanis O&M Sdn Bhd *Previous directorship:* Nil	Nil
Tsuneaki Nakamura *(Alternate Director to Tadaaki Maeda)*	*Present directorships:* ▪ Tokyo Gas-Mitsui ▪ Tokyo Gas International Holdings B.V. ▪ Tokyo Gas Australia Pty Ltd ▪ MT Falcon Holdings Company, S.A.P.I. DE C.V. ▪ Tokyo Gas Shale Investment Ltd ▪ Central Saltillo, S.A. DE C.V. ▪ Central Anahuac, S.A. DE C.V. ▪ Central Lomas del Real, S.A. DE C.V. ▪ Central Valle Hermoso, S.A. DE C.V. ▪ Electricidad Aguila de Altamira, S DE R.L. DE C.V. ▪ Gasoducto del Rio, S.A. DE C.V. ▪ Compania Mexicana de Gerencia y Operacion, S.A. DE C.V. *Previous directorship:* Nil	Nil
Atsunori Takeuchi *(Alternate Director to Tadaaki Maeda)*	*Present directorship:* ▪ Tokyo Gas-Mitsui *Previous directorship:* Nil	Nil

Name	Directorships	Involvement in business activities other than as a director
Rosthman bin Ibrahim *(Alternate Director to Shazali bin Dato' Hj Shahrani)*	*Present directorships:* ▪ Ark Resources Berhad ▪ Bukti Suria Sdn Bhd ▪ Innopurpose Sdn Bhd ▪ Konsep Kukuh Sdn Bhd ▪ Lankhorst Oil & Gas Services Sdn Bhd ▪ Lankhorst Pancabumi Contractors Sdn Bhd ▪ Lankhorst Pavement Technologies Sdn Bhd ▪ Lankhorst Quarry Management Sdn Bhd ▪ Lankhorst Wastewater Technology Sdn Bhd ▪ Medallion Integrated Sdn Bhd ▪ Vastalux Energy Berhad *Previous directorships:* ▪ Ark Construction Sdn Bhd ▪ E-Rama Records Sdn Bhd ▪ My-Sutera Holdings Sdn Bhd ▪ My-Sutera Sdn Bhd ▪ Port Dickson Sepang Quarry Sdn Bhd	Nil

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9.1.4 Involvement in other businesses or corporations which carry on a similar trade as our Group or which are our customers or suppliers

As at LPD, none of our Directors have any substantial interest, direct or indirect, in other businesses and corporations which are (i) carrying on a similar trade as that of our Group; or are (ii) our customers and/or suppliers.

9.1.5 Audit Committee

The Audit Committee of our Company presently comprises three (3) Directors, majority of whom are Independent Non-Executive Directors. The Audit Committee, which has been reconstituted on 19 August 2011, was established by our Board with the function of assisting our Board in fulfilling its oversight responsibilities. Our Audit Committee has full access to both internal and external auditors who in turn have access at all times to the Chairman of our Audit Committee.

Pursuant to the adoption of the new terms of reference for the Audit Committee on 19 August 2011, the duties and functions of our Audit Committee comprise the following:

(i) Consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal, and inquire into the staffing and competence of the external auditors in performing their work.

(ii) Review the external auditors' audit plan and discuss any significant problems that may be foreseen with the external auditors before the audit commences and ensure that the audit is carried out effectively and efficiently for our Company and Group.

(iii) Discuss the impact of any proposed changes in accounting principles on future financial statements.

(iv) Discuss problems and reservations arising from the interim and final audits, and any other matters that the external auditor may wish to discuss (in the absence of management where necessary).

(v) Review the results and findings of the external auditor's reports.

(vi) Review the external auditor's management letter and management's response, and monitor the implementation of any recommendations made therein.

(vii) Review the quarterly and year-end financial statements before submission to the Board, focusing particularly on:

   (a) any changes in accounting policies and practices;

   (b) major judgmental areas;

   (c) significant adjustments resulting from the audit;

   (d) the going concern assumptions;

   (e) compliance with accounting standards; and

   (f) compliance with regulatory requirements.

(viii) Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work.

(ix) Review the internal audit programme, consider the major findings of Internal Audit investigations and Management's response, and monitor the implementation of any recommendations made therein, and ensure effective co-ordination between the internal and external auditors, as the case may be.

(x) Review the results and findings of the operational audit reports including enterprise risk management reports and monitor the implementation of any recommendations made therein.

(xi) Review any appraisal or assessment of the performance of members of the internal audit function, if applicable.

(xii) Approve any appointment or termination of senior staff members of the internal audit functions, if applicable.

(xiii) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning, if applicable.

(xiv) Keep under review the effectiveness of internal control systems by reviewing the external and internal auditors' management letters and reports respectively as well as management's response.

(xv) Review any related party transactions and conflict of interest situations that may arise within our Company or Group.

(xvi) Report promptly to Bursa Securities on matters reported by Bursa Securities to the Board which have not been satisfactorily resolved, resulting in a breach of Listing Requirements.

(xvii) Review arrangements established by management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group's operations.

(xviii) Disclose details of the activities of audit committees, the number of audit meetings held in a year, details of attendance of each Director in respect of meetings and details of relevant training attended by each Director.

(xix) Carry out such other assignments as defined by the Board.

Under its terms of reference, our Audit Committee must consist of at least three (3) members, a majority of whom shall be Independent Directors and shall all be composed of Non-Executive Directors.

The current members of Audit Committee of our Company are set forth below:

Name	Position	Date of appointment	Directorship
Tan Lye Chong	Chairman	19 August 2011	Independent Non-Executive Director
Datuk Hj Hasni bin Harun	Member	11 April 2008	Non-Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	19 August 2011	Independent Non-Executive Director

9.1.6 Remuneration Committee

Our Remuneration Committee, constituted on 19 August 2011, was established by our Board and comprises three (3) members, all of whom are Non-Independent Non-Executive Directors. Our Remuneration Committee is in charge of the following primary responsibilities in respect of remuneration of Directors of our Company:

(i) Review and recommend the general remuneration policy of our Company.

(ii) Review and recommend plan for succession of Chairman of the Board and Managing Director as well as certain other senior management positions in our Group. The Managing Director will provide our Remuneration Committee with an annual assessment of senior mangers and their potential.

(iii) Review the performance of the Managing Director and Executive Directors and recommend to our Board their remuneration.

(iv) Recommend the appointment and promotion of senior management of our Company. Senior management would comprise executives at Grade 16 (General Managers) and above within our Group, determine their salaries and recommend salary revisions and improvements as are considered necessary together with fringe benefits, perquisites and bonus programmes.

(v) Review annually the compensation of directors.

(vi) Recommend suitable short and long-term incentive plans including the setting of appropriate performance targets as well as a programme for management development.

(vii) Carry out such other assignments as may be delegated by our Board.

Under its terms of reference, our Remuneration Committee must consist of three (3) members, a majority of whom shall be Non-Executive Directors.

The current members of our Remuneration Committee are set forth below:

Name	Position	Date of appointment	Directorship
Dato' Hamzah bin Bakar	Chairman	19 August 2011	Non-Independent Non-Executive Director
Datuk Hj Hasni bin Harun	Member	19 August 2011	Non-Independent Non-Executive Director
Samsudin bin Miskon	Member	19 August 2011	Non-Independent Non-Executive Director

9.1.7 Nomination Committee

Our Nomination Committee, constituted on 19 August 2011, was established by our Board and comprises three (3) members, the majority of whom are Independent Directors and all of whom are Non-Executive Directors. Our Nomination Committee is responsible for the following:

(i) Consider and recommend to the Board suitable persons for appointment as Board members of our Company, our committees and our subsidiaries. In making its recommendations, our Nomination Committee will consider the candidates:

   (a) skills, knowledge, expertise and experience;

   (b) professionalism;

   (c) integrity; and

   (d) in the case of candidates for the position of independent non-executive directors, our Nomination Committee will evaluate the candidates' ability to discharge such responsibilities/ functions as expected from independent non-executive directors.

(ii) Consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other senior executive or any of our Director or shareholder.

(iii) Review annually the performance of our Board members, our committees and our subsidiaries as well as the required mix of skills and experience and other qualities of our Board members, including core competencies which non-executive directors should bring to our Board.

(iv) Assess annually the effectiveness of our Board as a whole, our committees, the contribution of each individual Director, including independent non-executive directors, as well as the Managing Director. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its function should be properly documented.

(v) Consider and recommend a policy regarding the period of service of our Company's executive and non-executive directors and our subsidiaries.

(vi) Consider and recommend any other measures to upgrade the effectiveness of our Board, our committees and boards of subsidiaries.

(vii) Consider and recommend solutions on issues of conflict of interest affecting our Company's directors and subsidiaries.

(viii) Recommend the appointment of nominees of our Company to the boards of subsidiaries. The Chairman of our Company is given the mandate to finalise and recommend nominee directors of our Company to the respective board of subsidiaries.

(ix) Review and recommend to our Board the succession plan of our Company and Group.

(x) Carry out such other assignments as may be delegated by our Board.

Under its terms of reference, our Nomination Committee must consist of three (3) members, a majority of whom shall be Independent Directors and shall all be composed of Non-Executive Directors. No Alternate Directors can be appointed as a member of the Nomination Committee.

The current members of our Nomination Committee are set forth below:

Name	Position	Date of appointment	Directorship
Syed Abu Bakar bin S Mohsin Almohdzar	Chairman	19 August 2011	Independent Non-Executive Director
Datuk Hj Hasni bin Harun	Member	19 August 2011	Non-Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	19 August 2011	Independent Non-Executive Director

9.1.8 Shareholding of Directors in our Company

None of our Directors hold any Shares prior to the IPO. The following table sets forth the direct and indirect shareholdings of each of our Directors upon the IPO (assuming full subscription of the Offer Shares pursuant to the pink form offer as set out in Section 4.3.2(i) of this Prospectus):

	Upon the IPO**			
	Direct		Indirect	
Name	No. of Shares held	%	No. of Shares held	%
Dato' Hamzah bin Bakar	120,000	*	-	-
Datuk Muhamad Noor bin Hamid	120,000	*	-	-
Datuk Hj Hasni bin Harun	120,000	*	-	-
Samsudin bin Miskon	120,000	*	-	-
Shazali bin Dato' Hj Shahrani	120,000	*	-	-
Tadaaki Maeda	120,000	*	-	-
Datuk Puteh Rukiah binti Abd Majid	50,000	*	-	-
Tan Lye Chong	50,000	*	-	-
Syed Abu Bakar bin S Mohsin Almohdzar	50,000	*	-	-
Karima binti Mohd Noor *(Alternate Director to Samsudin bin Miskon)*	-	-	-	-

	Upon the IPO**			
	Direct		Indirect	
Name	No. of Shares held	%	No. of Shares held	%
Tsuneaki Nakamura *(Alternate Director to Tadaaki Maeda)*	-	-	-	-
Atsunori Takeuchi *(Alternate Director to Tadaaki Maeda)*	-	-	-	-
Rosthman bin Ibrahim *(Alternate Director to Shazali bin Dato' Hj Shahrani)*	-	-	-	-

Notes:

* *Less than 0.01%.*

** *This assumes that our Directors fully subscribe for the Offer Shares allocated to them as described in Section 4.3.2(i) of this Prospectus but excludes such number of Offer Shares our Directors may subscribe under the Malaysian Public category.*

9.1.9 Remuneration and material benefits-in-kind of Directors and Managing Director

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors and Managing Director for services rendered in all capacities to our Group for the FYE 31 December 2011 and FYE 31 December 2012 respectively are as follows:

Category	Remuneration and material benefits-in-kind RM	Actual FYE 31 December 2011	Estimate FYE 31 December 2012
		No. of Directors	
Executive Director	1,000,000 – 1,500,000	1	1
Non-Executive Directors	100,001 – 200,000	2	4
Non-Executive Directors	50,000 – 100,000	4	4
Non-Executive Directors	Below 50,000	(1) 7	-

Note:

(1) *Includes our former Directors, Lau Nai Tuang and Kazuo Kotani who resigned on 30 June 2011 and 28 June 2011 respectively as well as Pramod Kumar Karunakaran and Toru Ukishima, who both resigned on 16 August 2011. Atsunori Takeuchi has also been included as he received fees for being an Audit Committee member prior to the re-constitution of the Audit Committee on 19 August 2011.*

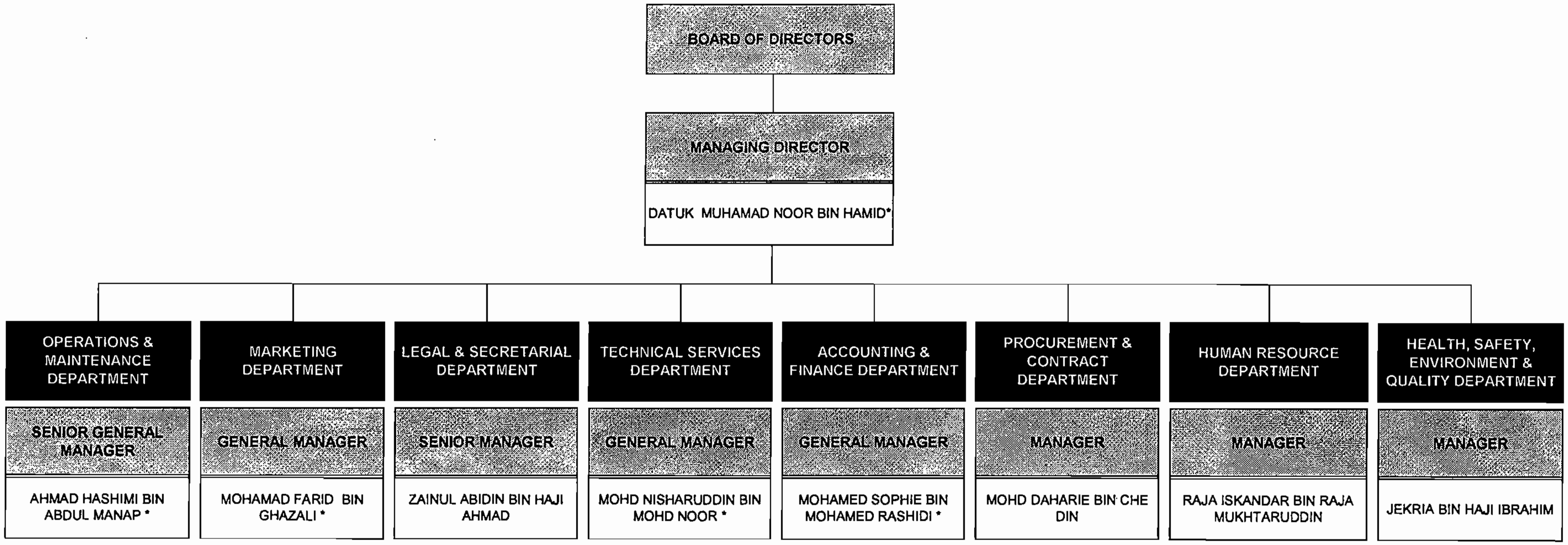
The remuneration of our Directors and Managing Director which includes Directors' annual fees and meeting allowances as well as other benefits, is approved by our Board, following recommendations made by our Remuneration Committee and subject to the provisions of our Articles of Association. Any changes in Directors' fees as set out in our Articles of Association must be approved by shareholders of our Company pursuant to an ordinary resolution passed at a general meeting where appropriate notice of any increase proposed, should be given. Please refer to Section 15.2.2 of this Prospectus for further details.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

9.2 Key management

9.2.1 Management structure

The management structure of our Company as at LPD is as follows:



Note:

* *Key management personnel of GMB.*

9.2.2 Key management

Our key management as at LPD is set out below:

Name	Age	Designation/Function
Datuk Muhamad Noor bin Hamid	60	Managing Director
Ahmad Hashimi bin Abdul Manap	48	Senior General Manager, Operations & Maintenance
Mohamed Sophie bin Mohamed Rashidi	53	General Manager, Accounting & Finance
Mohd Nisharuddin bin Mohd Noor	47	General Manager, Technical Services
Mohamad Farid bin Ghazali	46	General Manager, Marketing

9.2.3 Biographies of key management

The profile of Datuk Muhamad Noor bin Hamid is set out in Section 9.1.2 of this Prospectus.

Ahmad Hashimi bin Abdul Manap is the Senior General Manager for our Operations & Maintenance Department since 2007. He graduated with a Bachelor of Science degree in Civil Engineering from Oklahoma State University, United States of America in 1986. In 2004, he graduated from Advanced Management Program from Wharton, United States of America. His career began in 1986 when he joined Techart Sdn Bhd to perform and review structural design for building complexes and schools owned by Majlis Amanah Rakyat (MARA). In 1987, he joined Superplan Consulting Engineers Sdn Bhd as a Project Engineer. He joined MMC Engineering Sdn Bhd in 1989 as a Pipeline Engineer. Between the period of 1991 and 1992, he was part of the team that undertook the feasibility study for the implementation of the NGDS in Peninsular Malaysia for the joint venture between MMC-Shapadu, PETRONAS and Tokyo Gas-Mitsui. In 1992, he joined GMB as Manager for our Engineering and Design Department to oversee and review the preparation of specifications, tender documents, drawings and pre-qualification of contractors. In 1993, he was reassigned as Manager for our Technical and Operations Department to manage project construction and maintenance of gas pipeline and facilities in Central Region in Peninsular Malaysia. He was promoted in 1997 to Deputy General Manager of our Technical and Operations Department. In 2000, he was promoted again to General Managers of our Operations & Maintenance Department. He became the Senior General Manager for our Operations & Maintenance Department in 2007, to oversee and manage the gas distribution facilities in Peninsular Malaysia.

Mohamed Sophie bin Mohamed Rashidi is the General Manager for our Accounting & Finance Department since 2008. He graduated with a Masters in Business Administration from Universiti Kebangsaan Malaysia in 2000. He obtained an Advance Diploma in Accounting from MARA Institute of Technology (now known as University Teknologi MARA) in 1993. He is a member of Malaysian Institute of Accountants since 1993. He started his career with Hanafiah Raslan & Mohamad as an Audit Senior in 1983. In 1990, he joined Golden Hope Plantations Berhad as an Internal Audit Executive. Then in 1994, he joined CIMB Securities Sdn Bhd as an Executive, Institutional Business and a year later, he moved to Lang Education Sdn Bhd, a subsidiary of Land & General Berhad as an Accountant before he joined Dewina Food Services Sdn Bhd in 1998. He joined GMB as a Finance Manager in 1999 and was transferred to MMC in 2003. In the same year, he was promoted to General Manager of Finance. Subsequently in 2008, he was transferred back to GMB.

Mohd Nisharuddin bin Mohd Noor is the General Manager in our Technical Services Department since 2011. He graduated from Syracuse University, New York, United States of America with a Bachelor of Science in Mechanical Engineering degree in 1987. He completed the Management Development Program from Asian Institute of Management, Manila, Philippines in 2007. He holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga. He started his career when he joined Malaysia Shipyard and Engineering Sdn Bhd as a Graduate Trainee in 1987, where he was involved in the fabrication of process piping for the offshore oil production platform project. In 1988, he joined Perbadanan Kilang Felda as a Mill Engineer and assumed a role as an Assistant Mill Manager, where he primarily focused in the daily operation of palm oil mill to process fresh fruit bunches to produce crude palm oil. In the same year, he joined Esso Malaysia Berhad as an Operations Engineer and he was primarily responsible for providing engineering and maintenance support to the fuel terminals and the implementation of projects. He joined GMB on 6 January 1994 as an Engineer, Engineering Design in Technical & Operations Department. He rose through the ranks of GMB and was appointed as the Manager, Engineering & Construction in Technical Services Department on 15 December 2000. On 1 January 2008, he was appointed as the Senior Manager, Technical and on 1 January 2011, he was appointed to his current position. As the General Manager, Technical Services, he is primarily responsible for executing management policies and guidelines, managing the overall planning, development and execution of the capital projects, and implementing the strategic efforts of strengthening the delivery system and improving the reliability of the NGDS.

Mohamad Farid bin Ghazali is the General Manager for our Marketing Department since 2011. He graduated from Fairleigh Dickinson University, New Jersey, United States of America with a Bachelor of Science degree in Mechanical Engineering in 1988. He completed the Management Development Program from Asian Institute of Management, Manila, Philippines in 2009. He holds a Certificate of Competency as the Gas Engineering Supervisor issued by the Energy Commission. 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. In 1992, he joined GMB as Technical Support Engineer in our Marketing Department. He was subsequently promoted to Assistant Manager of Technical Support in 1995. In 1997, he was promoted again as Industrial Sales Manager to oversee planning and implementation of natural gas sales activities for industrial market. In 2011, he was appointed to his current position and is responsible for implementing the marketing objectives and plans of our Company.

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9.2.4 Shareholding of key management in our Company

None of the key management holds Shares prior to the IPO. The following table sets forth the direct and indirect shareholding of each member of the key management after the IPO (assuming full subscription of the Offer Shares pursuant to the pink form offer as set out in Section 4.3.2(i) of this Prospectus):

	Upon the IPO**			
	Direct		Indirect	
Name of key management	No. of Shares held	%	No. of Shares held	%
Datuk Muhamad Noor bin Hamid	120,000	*	-	-
Ahmad Hashimi bin Abdul Manap	45,000	*	-	-
Mohamed Sophie bin Mohamed Rashidi	45,000	*	-	-
Mohd Nisharuddin bin Mohd Noor	45,000	*	-	-
Mohamad Farid bin Ghazali	45,000	*	-	-

Notes:

* *Less than 0.01%.*

** *This assumes that the key management fully subscribe for the Offer Shares allocated to them as described in Section 4.3.2(i) of this Prospectus but excludes such number of Offer Shares our key management may subscribe under the Malaysian Public category.*

9.2.5 Involvement of Managing Director and key management in other principal business activities

As at LPD, neither our Managing Director nor our key management is involved in other principal business activities outside of our Company.

9.2.6 Remuneration of key management

The aggregate amount of compensation paid/accrued and benefits-in-kind provided to our Managing Director and key management (which includes performance bonuses) for the FYE 31 December 2010 and FYE 31 December 2011 were approximately RM2.9 million and RM3.1 million respectively. The aggregate amount of compensation paid and benefits-in-kind proposed to be paid or provided to our Managing Director and key management for the FYE 31 December 2012, excluding performance bonuses which will only be determined at a later time, is estimated to be approximately RM2.0 million.

9.3 Our Promoters, the Offerors and substantial shareholders

9.3.1 Shareholdings

The following table sets forth the shareholdings of our Promoters, the Offerors and substantial shareholders (being a person who holds not less than 5% of our Shares), based on our Registrar of Substantial Shareholders as at LPD and upon the IPO:

		As at LPD				Upon the IPO			
		Direct		Indirect		Direct		Indirect	
Name of substantial shareholders	**Country of incorporation/ Nationality**	**No. of Shares held '000**	**%**	**No. of Shares held '000**	**%**	**No. of Shares held '000**	**%**	**No. of Shares held '000**	**%**
MMC-Shapadu	Malaysia	706,216	55.00	-	-	522,604	40.70	-	-
Tokyo Gas-Mitsui	Malaysia	321,006	25.00	-	-	237,546	18.50	-	-
PGB	Malaysia	256,778	20.00	-	-	190,010	14.80	-	-
Anglo-Oriental(1)	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
Shapadu(2)	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
MMC(3)	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
Seaport Terminal (Johore) Sdn Bhd(4)	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
Amanahraya Trustees Berhad (Skim Amanah Saham Bumiputera)(5)	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
Indra Cita Sdn Bhd(6)	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor(7)	Malaysian	-	-	706,216	55.00	-	-	522,604	40.70
The late Dato' Hj Shahrani Abdullah(8)	Malaysian	-	-	706,216	55.00	-	-	522,604	40.70

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

		As at LPD				Upon the IPO			
		Direct		Indirect		Direct		Indirect	
Name of substantial shareholders	Country of incorporation/ Nationality	No. of Shares held '000	%	No. of Shares held '000	%	No. of Shares held '000	%	No. of Shares held '000	%
Shazakami[9]	Malaysia	-	-	706,216	55.00	-	-	522,604	40.70
Datin Hjh Zaleha Abd Rahman[10]	Malaysian	-	-	706,216	55.00	-	-	522,604	40.70
Tokyo Gas International Holdings B.V.[11]	Netherlands	-	-	321,006	25.00	-	-	237,546	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd[12]	Singapore	-	-	321,006	25.00	-	-	237,546	18.50
Tokyo Gas[13]	Japan	-	-	321,006	25.00	-	-	237,546	18.50
Mitsui[14]	Japan	-	-	321,006	25.00	-	-	237,546	18.50
PETRONAS[15]	Malaysia	-	-	256,778	20.00	-	-	190,010	14.80
Minister of Finance, Inc.[16]	Malaysia	-	-	256,778	20.00	-	-	190,010	14.80

Notes:

(1) *Deemed interested through its shareholding in MMC-Shapadu pursuant to Section 6A of the Companies Act.*

(2) *Deemed interested through its shareholding in MMC-Shapadu pursuant to Section 6A of the Companies Act.*

(3) *Deemed interested through its shareholding in Anglo-Oriental pursuant to Section 6A of the Companies Act.*

(4) *Deemed interested through its shareholding in MMC pursuant to Section 6A of the Companies Act.*

(5) *Deemed interested through its shareholding in MMC pursuant to Section 6A of the Companies Act.*

(6) *Deemed interested through its shareholding in Seaport Terminal (Johore) Sdn Bhd pursuant to Section 6A of the Companies Act.*

(7) *Deemed interested through his shareholding in Indra Cita Sdn Bhd pursuant to Section 6A of the Companies Act.*

(8) *Deemed interested through his shareholdings in Shapadu and Shazakami pursuant to Section 6A of the Companies Act. The distribution of the late Dato' Hj Shahrani Abdullah's estate in accordance with the Syariah laws is still pending.*

(9) *Deemed interested through its shareholding in Shapadu pursuant to Section 6A of the Companies Act.*

(10) *Deemed interested through her shareholding in Shazakami pursuant to Section 6A of the Companies Act.*

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

(11) *Deemed interested through its shareholding in Tokyo Gas-Mitsui pursuant to Section 6A of the Companies Act.*

(12) *Deemed interested through its shareholding in Tokyo Gas-Mitsui pursuant to Section 6A of the Companies Act.*

(13) *Deemed interested through its shareholding in Tokyo Gas International Holdings B.V. pursuant to Section 6A of the Companies Act.*

(14) *Deemed interested through its shareholding in Mitsui & Co. (Asia Pacific) Pte Ltd pursuant to Section 6A of the Companies Act.*

(15) *Deemed interested through its shareholding in PGB pursuant to Section 6A of the Companies Act.*

(16) *Deemed interested through its shareholding in PETRONAS pursuant to Section 6A of the Companies Act.*

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9.3.2 Profile of our Promoters, Offerors and the holder of Special Rights RPS

9.3.2.1 Profile of our Promoters and Offerors

(i) MMC-Shapadu

MMC-Shapadu was incorporated in Malaysia under the Companies Act on 27 February 1992 as a private limited company under the name Challenger Tech (M) Sdn. Bhd. On 27 March 1992, the company changed its name to its present name. MMC-Shapadu is a joint venture company between Anglo-Oriental, a wholly-owned subsidiary of MMC and Shapadu. The company commenced business in April 1992. The principal activity of MMC-Shapadu is investment holding. The registered office of MMC-Shapadu is Level 8, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The substantial shareholders of MMC-Shapadu and its respective shareholdings as at LPD are as follows:

	Direct		Indirect	
Name of substantial shareholders	**No. of shares held**		**No. of shares held**	
	'000	**%**	**'000**	**%**
Anglo-Oriental	19,193,800	76.00	-	-
Shapadu	6,061,200	24.00	-	-
MMC[(1)]	-	-	19,193,800	76.00
Seaport Terminal (Johore) Sdn Bhd[(2)]	-	-	19,193,800	76.00
Amanahraya Trustees Berhad (Skim Amanah Saham Bumiputera)[(3)]	-	-	19,193,800	76.00
Indra Cita Sdn Bhd[(4)]	-	-	19,193,800	76.00
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor[(5)]	-	-	19,193,800	76.00
The late Dato' Hj Shahrani Abdullah[(6)]	-	-	6,061,200	24.00
Shazakami[(7)]	-	-	6,061,200	24.00
Datin Hjh Zaleha Abd Rahman[(8)]	-	-	6,061,200	24.00

Notes:

(1) *Deemed interested through its shareholding in Anglo-Oriental pursuant to Section 6A of the Companies Act.*

(2) *Deemed interested through its shareholding in MMC pursuant to Section 6A of the Companies Act.*

(3) *Deemed interested through its shareholding in MMC pursuant to Section 6A of the Companies Act.*

(4) *Deemed interested through its shareholding in Seaport Terminal (Johore) Sdn Bhd pursuant to Section 6A of the Companies Act.*

(5) *Deemed interested through his shareholding in Indra Cita Sdn Bhd pursuant to Section 6A of the Companies Act.*

(6) *Deemed interested through his shareholdings in Shapadu and Shazakami pursuant to Section 6A of the Companies Act. The distribution of the late Dato' Hj Shahrani Abdullah's estate in accordance with the Syariah laws is still pending.*

(7) *Deemed interested through its shareholding in Shapadu pursuant to Section 6A of the Companies Act.*

(8) *Deemed interested through her shareholding in Shazakami pursuant to Section 6A of the Companies Act.*

The profiles of Anglo-Oriental, Shapadu and MMC as the substantial shareholders of MMC-Shapadu are set out below:

Anglo-Oriental was incorporated in Malaysia under the Companies Act on 3 May 1971 as a private limited company under its present name. Anglo-Oriental is a wholly-owned subsidiary of MMC and its principal activity is investment holding. The registered office of Anglo-Oriental is Level 8, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.

Shapadu started as a corporate entity partly in response to the Government's encouragement for active participation of Malaysians in business and industry. Shapadu initially entered the transportation business. It then diversified into oil and gas, onshore and offshore, construction, privatised toll highway, marine services and trading. After more than two (2) decades in business, Shapadu has now become a diversified group of companies engaged in various sectors of the Malaysian economy namely: transportation, energy, engineering, properties, highway management, civil construction, highway construction, marketing, trading and general services. The registered office of Shapadu is Lot 10, Jalan Pelabur 23/1, Seksyen 23, 40000 Shah Alam, Selangor, Malaysia.

MMC is a utilities and infrastructure group with interests in transport & logistics, energy & utilities and engineering & construction. MMC's key businesses include the Port of Tanjung Pelepas (Malaysia's largest container terminal) and Johor Port (a multi-purpose port) in the transport & logistics segment. In energy & utilities, MMC has controlling stakes in Malakoff Corporation Berhad (Malaysia's largest independent power producer), GMB and Aliran Ihsan Resources Berhad (a water concessionaire in Malaysia).

MMC has a strong track record in engineering & construction projects, as demonstrated in the development of innovative projects such as the Stormwater Management and Road Tunnel (SMART) Motorway. MMC, via a joint venture with Gamuda Berhad, is currently undertaking the electrified double track railway project in the Northern part of Malaysia, spanning 329km. MMC Gamuda KVMRT (PDP) Sdn Bhd is the Project Delivery Partner for the Klang Valley Mass Rapid Transit – Sungai Buloh-Kajang line ("**Project**"). MMC's involvement in the Project is in line with the New Economic Model's strategic reform initiative to re-energise the private sector as one engine of economic growth.

MMC's other operations include Senai International Airport and its international business in the utilities and logistics sectors. MMC has an effective equity interest of 20% in Red Sea Gateway Terminal Company Limited which operates a container terminal at Jeddah Islamic Port.

The registered office of MMC is Level 8, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.

There has been no change in MMC-Shapadu's direct and indirect shareholding in our Company for the past three (3) years ended 31 December 2009, 2010 and 2011 up to the LPD.

As at LPD, the members of the board of directors of MMC-Shapadu and their respective shareholdings in MMC-Shapadu are as follows:

	Direct		Indirect	
Directors	**No. of shares held**		**No. of shares held**	
	'000	**%**	**'000**	**%**
Datuk Hj Hasni bin Harun	-	-	-	-
Dr Mabel Lee Khuan Eoi	-	-	-	-
Shazali bin Dato' Hj Shahrani	-	-	-	-

MMC-Shapadu does not have any direct or indirect interests in other businesses and corporations carrying on a similar trade as that of our Group or in other businesses and corporations which are our customers and/or suppliers.

(ii) Tokyo Gas-Mitsui

Tokyo Gas-Mitsui was incorporated in Malaysia under the Companies Act on 10 December 1991 as a private limited company under the present name. Tokyo Gas-Mitsui is a joint venture company between Tokyo Gas and Mitsui. The company commenced business on 10 December 1991. The principal activity of Tokyo Gas-Mitsui is to take, or otherwise acquire, and hold or invest in shares, debentures, or other securities of other company or companies so as to carry out a project, which for the purpose of identification, the NGDS in Peninsular Malaysia. The registered office of Tokyo Gas-Mitsui is Suite # 8-13-6, Mutiara Bangsar, 8, Jalan Liku, 59100 Kuala Lumpur.

The substantial shareholders of Tokyo Gas-Mitsui and its respective shareholdings as at LPD are as follows:

	Direct		Indirect	
Name of substantial shareholders	**No. of shares held**		**No. of shares held**	
	'000	**%**	**'000**	**%**
Tokyo Gas International Holdings B.V.	7,600	80.00	-	-
Mitsui & Co. (Asia Pacific) Pte Ltd	1,900	20.00	-	-
Tokyo Gas(1)	-	-	7,600	80.00
Mitsui(2)	-	-	1,900	20.00

Notes:

(1) *Deemed interested through its shareholding in Tokyo Gas International Holdings B.V. pursuant to Section 6A of the Companies Act.*

(2) *Deemed interested through its shareholding in Mitsui & Co. (Asia Pacific) Pte Ltd pursuant to Section 6A of the Companies Act.*

The profiles of Tokyo Gas and Mitsui as the indirect substantial shareholders of Tokyo Gas-Mitsui are set out below:

Tokyo Gas is Japan's largest city gas supplier based in metropolitan Tokyo and the Kanto region, a market with huge demand and high growth potential. Tokyo Gas serves gas to more than 10 million customers with a gas sales volume of about 14 billion cubic metre, a share of more than 40% of the total gas sales volume for all city gas suppliers in Japan. As a city gas supplier, Tokyo Gas does more than just deliver gas to customers. Their operations extend from participation in upstream LNG projects to transport by LNG tanker, conversion to city gas at LNG terminals, gas supply through pipelines, sales of gas appliances to its customers. Their establishment of an LNG value chain from upstream businesses to downstream businesses sets them apart from other gas suppliers around the world. Tokyo Gas is also supplying electric power to industrial customers as an independent power producer and operating a number of district heating and cooling systems and providing co-generation systems and other energy saving services. In November 2011, Tokyo Gas announced "Challenge 2020 Vision", Tokyo Gas' vision for energy and the future. Under a current state of affairs brought about by the earthquake, tsunami, nuclear incident and power supply problem, Tokyo Gas seeks implementation of energy security, energy cost reduction and carbon dioxide (CO_2) emissions reduction by energy system innovation through initiatives to enhance the LNG value chain in the vision. For more than 40 years since pioneering the introduction of LNG in Japan in 1969, Tokyo Gas has been striving to establish and strengthen the LNG value chain and expand the use of natural gas as an LNG pioneer and top runner in the field of natural gas. Tokyo Gas has renewed its commitment to be of service to its customers by further honing the technologies and expertise in LNG and natural gas it has cultivated over the years. The registered office of Tokyo Gas is 1-5-20, Kaigan, Minato-ku, Tokyo, Japan.

Mitsui, together with its subsidiaries and associate companies, is a general trading company engaging in a range of global business activities including general worldwide trading of various commodities, arranging financing for customers and suppliers in connection with its trading activities, organising and coordinating industrial projects, participating in financing and investing arrangements, assisting in the procurement of raw materials and equipment, providing new technologies and processes for manufacturing, and coordinating transportation and marketing of finished goods. Its trading activities include the sale, distribution, purchase, marketing and supply of a wide variety of products in business areas including: iron and steel; non-ferrous metals; machinery; electronics; chemicals; energy-related commodities; foods & retail, lifestyle and consumer service. Mitsui also participates in the development of natural resources such as oil, gas, iron and steel raw materials. In addition, the group engages in strategic business investments whereby it invests its own capital and provides management expertise in the development of joint ventures and new enterprises in various industries. Mitsui also provide a wide range of services in the areas of finance, transportation, communication, technology and support for retail. The registered office of Mitsui is 2-1 Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-0004 Japan.

There has been no change in Tokyo Gas-Mitsui's direct and indirect shareholding in our Company for the past three (3) years ended 31 December 2009, 2010 and 2011 up to the LPD.

As at LPD, the members of the board of directors of Tokyo Gas-Mitsui and their respective shareholdings in Tokyo Gas-Mitsui are as follows:

Directors	Direct		Indirect	
	No. of shares held		No. of shares held	
	'000	%	'000	%
Tadaaki Maeda	-	-	-	-
Tsuneaki Nakamura	-	-	-	-
Koichi Hasegawa	-	-	-	-
Atsunori Takeuchi	-	-	-	-
Hideaki Shibata	-	-	-	-
Toru Ukishima	-	-	-	-
Takamune Kabashima	-	-	-	-

Tokyo Gas-Mitsui does not have any direct or indirect interests in other businesses and corporations carrying on a similar trade as that of our Group or in other businesses and corporations which are our customers and/or suppliers.

(iii) PGB

PGB was incorporated as a private limited company in Malaysia under the Companies Act on 23 May 1983 and converted to a public limited liability company on 28 March 1995. The registered office of PGB is Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur. PGB is a gas processing, transmission and utilities company. PETRONAS, the national oil company, holds 60.66% equity interest in PGB which was listed on the Main Market of Bursa Securities on 4 September 1995. In addition to gas processing and transmission, PGB's activities include supply of industrial utilities such as steam, electricity, oxygen, nitrogen, compressed air, demineralised water and waste water treatment to the petrochemical complexes in the Kerteh and Gebeng industrial zones. PGB operates six (6) Gas Processing Plants which process natural gas from the offshore fields of Terengganu. Four (4) of these plants are located in Kerteh and the other two in Paka, Terengganu. The plants have a sales gas production capacity of 2,060 MMScfd, in addition to liquid by-products such as Ethane, Propane, Butane and Condensates. PGB also has standby units in Kerteh and Paka with a total capacity of 750 MMScfd. The sales gas produced is transmitted via 2,505 km PGU to PETRONAS' customers in the power, industrial and commercial sectors. PGB also delivers sales gas to PETRONAS' customers in Miri and Bintulu, Sarawak through a 41 km and 4 km pipeline, respectively.

The substantial shareholders of PGB and its respective shareholdings as at 30 April 2012 are as follows:

Name of substantial shareholders	Direct No. of shares held '000	Direct %	Indirect No. of shares held '000	Indirect %
PETRONAS	1,200,304	60.66	-	-
Employees Provident Fund Board	237,320	11.99	-	-
Kumpulan Wang Persaraan *(Diperbadankan)*	112,754	5.70	-	-
Minister of Finance, Inc.[1]	-	-	1,200,304	60.66

Note:

[1] *Deemed interested through its shareholding in PETRONAS pursuant to Section 6A of the Companies Act.*

There has been no change in PGB's direct and indirect shareholding in our Company for the past three (3) years ended 31 December 2009, 2010 and 2011 up to the LPD.

As at LPD, the members of the board of directors of PGB and their respective shareholdings in PGB are as follows:

Directors	Direct No. of shares held '000	Direct %	Indirect No. of shares held '000	Indirect %
Datuk Anuar bin Ahmad	-	-	-	-
Samsudin bin Miskon	-	-	-	-
Dato' Sadasivan s/o N.N. Pillay	-	-	-	-
Muri bin Muhammad[1]	7	*	-	-
Rosli bin Boni	-	-	-	-
Mohammad Medan bin Abdullah	-	-	-	-
Ramlan bin Abdul Malek	-	-	-	-
Dato' Ab. Halim bin Mohyiddin	5	*	-	-
Lim Beng Choon	-	-	-	-
Pramod Kumar Karunakaran	-	-	-	-

Notes:

* *Less than 0.01%.*

[1] *Held through Mayban Securities Nominees (Tempatan) Sdn Bhd.*

PGB does not have any other direct or indirect interests in other businesses and corporations carrying on a similar trade as that of our Group or in other businesses and corporations which are our customers and/or suppliers.

9.3.2.2 Profile of PETRONAS, the holder of Special Rights RPS

PETRONAS is the national oil and gas company of Malaysia and is wholly owned by the Government. PETRONAS was incorporated in Malaysia on 17 August 1974 under the Companies Act and derives its powers from the Petroleum Development Act of 1974, which vests in PETRONAS the "entire ownership in, and exclusive rights, powers, liberties and privileges of exploring, exploiting, winning and obtaining petroleum whether onshore or offshore of Malaysia." The registered address of PETRONAS is Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

PETRONAS, together with its subsidiaries and associate companies, is a fully integrated oil and gas company engaged in a broad spectrum of upstream and downstream oil and gas operations and petrochemical operations. PETRONAS' upstream operations include the exploration, development and production of crude oil and natural gas in Malaysia and overseas. PETRONAS' downstream operations include (i) the liquefaction, sale and transportation of liquefied natural gas, (ii) the processing and transmission of natural gas and the sale of natural gas products, (iii) the refining and marketing of petroleum products, including fuel oil, diesel, gasoline, jet fuel, kerosene and lubricants, (iv) the manufacture and sale of petrochemical products, (v) the trading of crude oil, petroleum products and petrochemical products, and (vi) shipping and related logistics, including the transportation of liquefied natural gas, crude oil and petroleum products.

The substantial shareholder of PETRONAS and its respective shareholdings in PETRONAS as at LPD is as follows:

	Direct		Indirect	
Substantial shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Minister of Finance, Inc.	99,990	99.99	-	-

PETRONAS was established by the Government to own and manage the petroleum resources of Malaysia. PETRONAS' Articles of Association provide that the Government is the only entity entitled to be a shareholder of PETRONAS.

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9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

As at LPD, the members of the board of directors of PETRONAS and their respective shareholdings in PETRONAS are as follows:

	Direct		Indirect	
Directors	**No. of shares**	**%**	**No. of shares**	**%**
Dato' Shamsul Azhar bin Abbas	-	-	-	-
Tan Sri Dr Wan Abdul Aziz bin Wan Abdullah	-	-	-	-
Tan Sri Amirsham A. Aziz	-	-	-	-
Dato' Muhammad bin Ibrahim	-	-	-	-
Dato' Mohamad Idris bin Mansor	-	-	-	-
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	-	-	-	-
Krishnan a/l CK Menon	-	-	-	-
Datin Yap Siew Bee	-	-	-	-
Datuk Mohd Omar bin Mustapha	-	-	-	-
Datuk Wan Zulkiflee bin Wan Ariffin	-	-	-	-
Datuk Anuar bin Ahmad	-	-	-	-
Dato' Wee Yiaw Hin	-	-	-	-
Datuk Manharlal a/l Ratilal	-	-	-	-
Dato' Siti Halimah binti Ismail (Alternate Director to Tan Sri Dr Wan Abdul Aziz bin Wan Abdullah)	-	-	-	-

Save as disclosed below, PETRONAS does not have any other direct or indirect interests in other businesses and corporations carrying on a similar trade as that of our Group or in other businesses and corporations which are our customers and/or suppliers:

(i) To the best of our knowledge and belief, PETRONAS generally sells natural gas to customers who consume more than two (2) MMScfd, whilst we sell gas to customers who initially consume two (2) MMScfd and below. Pursuant to the New Gas Supply Agreement, we are allowed to supply natural gas to our customers who initially consume five (5) MMScfd and below;

(ii) PETRONAS is also our supplier for natural gas;

(iii) PETRONAS Dagangan Berhad, a 69.90% subsidiary of PETRONAS as at LPD, sells LPG to GM(LPG), our wholly-owned subsidiary; and

(iv) PETRONAS has interest in six (6) of our customers as at LPD as listed below:

Customers that are jointly owned by KLCC (Holdings) Sdn Bhd, a wholly-owned subsidiary of PETRONAS	% of effective interest held by PETRONAS
(1) Heritage Lane Sdn Bhd	100.00
(2) Kuala Lumpur Convention Centre Sdn Bhd (in respect of the supply of gas to the Kuala Lumpur Convention Centre)	100.00
(3) Kuala Lumpur Convention Centre Sdn Bhd (in respect of the supply of gas to Traders Hotel Kuala Lumpur)	100.00

Customers that are jointly owned by KLCC Property Holding Berhad, a 52.58% subsidiary of PETRONAS	% of effective interest held by PETRONAS
(1) Suria KLCC Sdn Bhd	31.55

Customers that are owned by PETRONAS group of companies	% of effective interest held by PETRONAS
(1) PETRONAS Research Sdn Bhd	100.00
(2) Prince Court Medical Centre Sdn Bhd	100.00

9.4 Relationships and associations between our Directors, key management, substantial shareholders, Promoters and the Offerors

Save as disclosed below and the relationships and associations between our Company's substantial shareholders as described in Section 9.3 of this Prospectus, there is no family relationship/association between any of our Directors, key management, substantial shareholders, Promoters and the Offerors as at LPD.

The association between our Directors and substantial shareholders/Promoters is as follows:

(i) Datuk Hj Hasni bin Harun, who is a Director of GMB, is also a director of MMC-Shapadu, our substantial shareholder. He is a director of Anglo-Oriental, the substantial shareholder of MMC-Shapadu. He is also the Group Managing Director of MMC, the indirect substantial shareholder of MMC-Shapadu through Anglo-Oriental.

(ii) Samsudin bin Miskon, who is a Director of GMB, is also Managing Director and Chief Executive Officer of PGB, our substantial shareholder.

(iii) Shazali bin Dato' Hj Shahrani, who is a Director of GMB, is also a director of MMC-Shapadu, our substantial shareholder.

(iv) Tadaaki Maeda, who is a Director of GMB, is also a director and President of Tokyo Gas-Mitsui, our substantial shareholder. He is also an Advisor of Tokyo Gas, the indirect substantial shareholder of Tokyo Gas-Mitsui through Tokyo Gas International Holdings B.V.

(v) Karima binti Mohd Noor, who is an Alternate Director of GMB, is also a General Manager of Finance Division of PGB, our substantial shareholder.

(vi) Tsuneaki Nakamura and Atsunori Takeuchi, who are the Alternate Directors of GMB are also directors of Tokyo Gas-Mitsui, our substantial shareholder. They are also the General Manager of Business Development Department and Chief Representative of Asia Pacific Regional Office of Tokyo Gas respectively, the indirect substantial shareholder of Tokyo Gas-Mitsui through Tokyo Gas International Holdings B.V. Tsuneaki Nakamura is also a director of Tokyo Gas International Holdings B.V.

(vii) Rosthman bin Ibrahim, who is the Alternate Director of GMB, is currently the Group Executive Director of Shapadu, the substantial shareholder of MMC-Shapadu.

9.5 Declaration by our Directors, Promoters, the Offerors and key management

Each of our Directors, Promoters, the Offerors and key management has confirmed to us that he/she is not and has not been involved in any of the following events (whether in or outside Malaysia):

(i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he is or was a partner or any corporation of which he was a director or key personnel;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) any judgment entered against each person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

9.6 Service agreement

Save as disclosed below, as at LPD, there is no existing or proposed service agreement entered into or to be entered into by our Directors or any member of our key management and our Company that provides for benefits upon termination of employment:

Datuk Muhamad Noor bin Hamid, our Non-Independent Executive Director and Managing Director, has a service agreement with our Company. Based on his current service agreement which was effective from 2 March 2012, he is entitled at the expiry of his contract to a gratuity payment at the discretion of our Board subject to a minimum of two (2) months salary for every completed year(s) of service. His appointment is for a term of one (1) year, with an option on the part of our Company to extend at the expiry thereof, for a term of another one (1) year if mutually agreed.

9.7 Other matters

Save as disclosed below, no amount has been paid or benefit given within the two (2) years preceding the LPD, nor is it intended to be so paid or given, to our Promoters, the Offerors, direct substantial shareholders and Directors:

(i) historical dividends paid by our Company and future dividend payments to the shareholders including the substantial shareholders of our Company as set out in Sections 12.1 and 12.6 of this Prospectus; and

(ii) remuneration and material benefits-in-kind paid and payable to our Directors as set out in Section 9.1.9 of this Prospectus.

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