

February 24, 2014

Establishment of Energy Service Business Joint Venture in Malaysia

Tokyo Gas Co., Ltd.
Energy Advance Co., Ltd.

On February 24, Tokyo Gas Co., Ltd. (President: Tsuyoshi Okamoto; “Tokyo Gas”) wholly owned subsidiary Energy Advance Co., Ltd. (President: Kenichi Enkaku; “Energy Advance”) concluded an agreement to establish a joint venture company (GAS MALAYSIA – ENERGY ADVANCE Sdn. Bhd., the “New Company”) to develop the energy service business in Malaysia together with Gas Malaysia Berhad (“Gas Malaysia”).

The New Company will have capital of 4 million Malaysian ringgits (investment ratios: Energy Advance – 34%; Gas Malaysia – 66%), and is scheduled to be established in March.

The New Company will make use of the gas cogeneration system and other energy service business sales and administration know how that Energy Advance has cultivated in Japan and Gas Malaysia’s supply infrastructure and customer base for the gas supply business inside Malaysia to develop the energy service business in that country. The New Company will work to secure wide-ranging customers targeting local factories and other users including Japanese-affiliated enterprises, and to expand business.

Tokyo Gas established Gas Malaysia, which was the first city gas company in that country, together with the national oil company PETRONAS in May 1992, and provided its ample experience, technology, and knowledge regarding gas business administration when launching the business.

Gas Malaysia has maintained stable operations and growth ever since, and contributed to that country’s sustainable development through stable supply and promotion of the spread of natural gas, which is environmentally friendly. Tokyo Gas presently owns 14.8% of Gas Malaysia’s stock through its subsidiary *1.

Malaysia’s economy remains strong with the advance of industrialization and abundant natural resources. Further progress is projected in the future as well with continued robust electric power and gas energy demand, and the location of factories and commercial facilities by Japanese-affiliated enterprises.

Amid these developments, agreement was reached on the intentions of the Tokyo Gas Group, which is advancing the overseas development of our energy service business under Challenge

2020 Vision, and of Gas Malaysia, which seeks to expand the foundations of its gas supply business through the provision of new customer services, leading to conclusion of the agreement. This is the Tokyo Gas Group's second participation in the energy service business overseas, following Brazil.

The Tokyo Gas Group will continue to develop our energy service business overseas with natural gas which can make use of the Group's strengths at the core, and to contribute to energy conservation and CO2 emissions reductions in newly industrializing economies and to the overseas business development of Japanese enterprises.

*1: Tokyo Gas-Mitsui & Co Holdings Sdn. Bhd (80% owned by Tokyo Gas International Holdings B.V, which is a 100% subsidiary of Tokyo Gas Co., Ltd.) has 18.5% equity of Gas Malaysia.

Outline of the New Company

Company Name	GAS MALAYSIA – ENERGY ADVANCE Sdn. Bhd.
Establishment date	March 2014 (scheduled)
Main office location	Selangor, Malaysia
Capital	4 million Malaysian ringgit
Ownership	Energy Advance: 34% Gas Malaysia: 66%
Business contents	Energy service business

Outline of Energy Advance

Company Name	Energy Advance Co., Ltd.
Establishment date	July 1, 2002
Main office location	Tokyo Gas Building 21F, 1-5-20 Kaigan, Minato-ku, Tokyo
President	Kenichi Enkaku
Capital	¥3.0 billion
Ownership	Tokyo Gas Co., Ltd.: 100%
Business contents	On-site energy service business; area energy service business (area heating and cooling); cogeneration equipment installation and maintenance business; green business commercialization

Regarding the Energy Service Business

- Energy service is a service which provides one-stop efficient services to solve customers'

various energy issues, including heat and electricity generated using such facilities as gas cogeneration systems, boilers, air conditioning, and water treatment.

- The energy service businesses in this case are on-site energy services installing gas cogeneration systems, boilers and other energy generation equipment within the customer's site, and generating and supplying heat and electricity that meets the customer's demand right on site. The New Company will cover every aspect from design of optimal systems to installation, fuel procurement, and equipment maintenance, and receive energy service fees from customers.
- For customers, this provides various merits including realizing optimal system design leading to energy conservation, CO2 emissions reductions and reduced costs; no new capital investment required; leveling of costs over time as energy service fees; and labor savings from not having to conduct maintenance and other works.
- Energy Advance has been engaged in the energy service business since it was established in 2002, and expects to have completed about 500 projects inside Japan by the end of Fiscal 2013 (March 31, 2014).