

**MINUTES OF THE 57TH ANNUAL GENERAL MEETING OF
PETRON MALAYSIA REFINING & MARKETING BHD
(June 2, 2016)**

Time and Place

The 57th Annual General Meeting (“AGM”) of **PETRON MALAYSIA REFINING & MARKETING BHD** (the “Company” or “PMRMB”) was held on June 2, 2016 at the Ball Room, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur. The meeting commenced at 2:00p.m.

Attendance – Directors

The following members of the Board of Directors the Company were present at the meeting:

Mr. Ramon S. Ang (Chairman)
Y Bhg Dato’ Zainal Abidin Putih (Independent Director)
Ms. Chua See Hua (Independent Director)
Y Bhg Dato’ Zuraidah Atan (Independent Director)
Mr. Ferdinand K. Constantino (non-Executive Director)
Mr. Lubin B. Nepomuceno (Executive Director/Chief Executive Officer)
Ms. Aurora T. Calderon (Executive Director)

In attendance were the following Officers:

Mr. Jaime O. Lu (Operation Manager)
Ms. Myrna C. Geronimo (Chief Finance Officer)
Mr. Manoj Devadasan (General Counsel/Company Secretary)

Also in attendance were:

Mr. Emmanuel E. Erana (Petron Corporation)
Mr. Joel C. Cruz (Petron Corporation)

CALL TO ORDER / NOTICE / PROXIES / QUORUM

Following confirmation that the Notice of Meeting had been dispatched by post on April 28, 2016, it was confirmed that a total of 452 shareholders had registered to attend the AGM, and of this, 249 were represented by proxies/corporate representatives. It was also confirmed that the Chairman, Mr. Ramon

S. Ang, was the corporate representative of Petron Oil & Gas International Sdn Bhd (“POGI”) and as such had the necessary right to propose, second and vote on all resolutions on behalf of POGI. There being a quorum in attendance, the Chairman called the meeting to order. The Company Secretary, Mr. Manoj Devadasan, recorded the minutes of the meeting.

VOTING PROCESS

Mr. Devadasan informed the shareholders/proxies present that as voting on all resolutions would be by poll, the shareholders/proxies/corporate representatives should retain their ballot papers (issued at the time of registration) for voting purposes. The shareholders/proxies were also informed that the voting by poll will be conducted after the formal proposal and seconding of all the Resolutions.

PRESENTATION - COMPANY’S PERFORMANCE REPORT

Puan Faridah Ali, Head, Retail Business, delivered a presentation on the Company’s business performance for the year. Key highlights presented were:

- The oil industry faced a tough year in 2015. The market was oversupplied by 1.5 million barrels per day, further pushing down oil prices. The OPEC, which produced a third of the world’s oil, produced 32 million barrels per day in 2015, nearly 2 million barrels more than 2014. This supported OPEC’s bid to ease out high-cost oil producers and gain market share. Contributing to the supply glut is the shale oil boom in the United States. From only 6 million barrels per day in 2011, the US produced an average of 9 million barrels per day in 2015. Meanwhile, the global economy, notably China and Europe, also slowed down, leading to weaker fuel demand. All these factors weighed on prices, hurting margins of oil companies worldwide. From an average of USD99 per barrel in 2014, Dated Brent dropped sharply by 50% to only USD52 per barrel in 2015. In January 2016, Iran raised its crude oil exports by 500,000 barrels a day, and will add another 500,000 barrels in the next 6 (six) months. In the same month, oil prices hit a 12-year low, with Dated Brent averaging at USD30 per barrel.
- Locally, regulatory developments and a slower economy further added to the already difficult business environment. The removal of fuel subsidy has brought down the demand for diesel in the retail sector as some customers shifted buying through the commercial sector where prices became more competitive. Given this, the Company enhanced its Fleet Card reward programs at its retail stations. The Company also grew its commercial accounts. The launch of GST

affected the purchase and reselling of all oil products. Through timely improvement of the Company's internal processes, it was able to avoid any disruption to its supply chain. The slowdown of domestic consumption in 2015, compounded by the effect of a weakening Ringgit, affected business in general. The Company took proactive measures, through hedging, to minimize the impact of the weakening currency. The Company aggressively sought new markets and successfully secured the fisheries sector. The revision of the LPG Automatic Pricing Mechanism also resulted in improved margins for the Company.

- Despite the slowdown of the economy and corresponding decline in industry demand, the Company's sales grew by 4% to 30.4 million barrels in 2015; driven by its retail and commercial sectors.
- The strong growth in sales partially offset lower revenues in 2015 which declined to RM8.15 billion from RM10.9 billion the previous year, mainly caused by the drop in oil prices. The Company nevertheless ended the year with strong and encouraging results. PMRMB achieved an after tax profit of RM220.6 million; a complete reversal from its RM64.5 million loss in 2014. This was attributed to improved refining margins, reduced inventory losses, and the success of strategic programs aimed at increasing the Company's market presence and sustained growth.
- PETRONM stocks appreciated by 73%, averaging at RM4.40 per share in December 2015 from RM2.54 in December 2014. In view of the strong performance of the Company, the Board proposed a final dividend of 20 sen per ordinary share unit of 50 sen each under single tier system for the year ended December 31, 2015.
- 2015 marked the culmination of initiatives that Petron started four years ago when it entered the Malaysian market. In February 2015, Petron in Malaysia completed the upgrading and rebranding of 550 stations to the Petron brand. This gave Petron customers better access to Petron's high quality products, excellent customer service and cleaner service stations. Together with the Company's sister entities, Petron Fuel International Sdn Bhd and Petron Oil (M) Sdn Bhd, Petron completed 27 new stations. Petron delivered on its commitment to introduce more innovative fuels and service to the Malaysian motorists. In September, it launched Blaze 97 Euro 4M and in January 2016, it introduced Blaze 100 Euro 4M, the country's first RON 100.
- Last year, the successful "Fuel Happy" campaign highlighted Petron's personalized customer service, innovative products and services, and exciting rewards through our loyalty programs.

This was a main driver in increasing retail sales. The Petron Miles Privilege Card users increased by 50 percent from the previous year. Petron partnered with leading companies including supermarkets and airlines to launch new promotions. Petron Miles activation via SMS was also introduced. Petron Fleet Card members enjoy the benefits of advanced microchip technology that helps them purchase fuel securely and monitor fuel purchases real time.

- The Company's reliable supply of fuel to key sectors helped power industries such as transportation, manufacturing, agriculture, and power generation; that led to a growth of 18% in the Commercial trade. The LPG rebranding efforts and expansion of dealers network, again helped grow the Company's market share. In the Aviation business, the Company continued to expand with new airline accounts. In June 2015, the Company secured a new trade – the Fisheries sector, supplying diesel to fishermen in Perak and Pahang, which contributed to our Commercial sales growth.
- The Company's Port Dickson Refinery completed construction of a new crude tank in March, translating to demurrage savings. The Company also completed linking its Port Dickson Refinery to the Klang Valley Distribution Terminal through the Multi-Product Pipeline to enhance the supply to the high demand center in a cost-effective, efficient and reliable manner. The Port Dickson Refinery marked 13 years of zero Lost Time Injury and received the Prime Minister Hibiscus Award for Notable Achievement, a reputable environment performance and management award-giving body.
- In relation to Corporate Social Responsibility, Petron believes in preserving the environment, and to this end supported the Government's initiative by introducing the environment-friendly B7 Biodiesel product. Petron also helped clean-up and planted mangroves along the Cherating River. Petron continued to support community safety and security as a staunch partner of the Royal Malaysia Police in the "Go-To Safety Points" program. It also partnered with the Road Safety Department to promote road safety among college students. Petron extended the program further to reach secondary school students in Port Dickson in advocating the importance of safety helmets and road safety habits. Petron continues to advance programs on education, sports, and the arts. Its "Vision Petron Art & Photography Competition" has garnered hundreds of student participants from local universities and colleges since 2012. Petron also rolled out the "Volunteerism in Action" program for employees to participate in community

programs. Employees extended help in humanitarian efforts during the East Coast flood and in easing burdens of school children to get back to school.

QUESTIONS FROM SHAREHOLDERS/PROXIES

Written questions that had been submitted in advance by shareholders, as well as the Minority Shareholders' Watchdog Group, were answered by the Chief Executive Officer and Management.

Shareholders/proxies present then posed questions relating to the Company, its performance, operations and audited accounts, to which the Chairman, Chief Executive Officer and Management, provided responses.

Some key questions (and response given by the Company) are as follows:

QUESTIONS FROM MSWG

- 1. As stated in the Chairman's message, the Company had entered the Malaysian market last year (*actually 4 years ago*). What was the initial target set for both the retail gasoline and the commercial trade? What is the estimated market share for both categories presently?**

Petron's Response

- For Retail, Petron has steadily grown from a market share of 16.5% in 2012 to 17.7% today. With the completion of the station rebranding and upgrading program last year and ongoing retail network expansion, Petron expect its market share to continue growing.
 - In our Commercial business, Petron has about 15% of the market versus its long-term target of 20%. With more commercial accounts and penetration of other segments (e.g. fisheries), Petron is confident of reaching this goal.
- 2. Please share the tangible benefits from the robust risk management process put in place? In terms of quality assurance, reliability factor, downtime etc., please share the standards adopted by the Group.**

Petron's Response

- The Port Dickson Refinery (PDR) utilizes various risk management tools to ensure operational integrity. These systems include the safety, health and environmental management system ("SMS") and the loss prevention system ("LPS") to manage the safety of the employees and integrity of plant operations. The success of the Company's risk management efforts is highlighted by its impressive safety record. the Company has not had any lost-time injuries in the past 14 years at PDR.
- Another important element is the reliability of Petron's product delivery system. Petron monitors its service stations and tank trucks 24-hours a day to avoid any runouts. This ensures that Petron's world-class products are always available to its customers.

- 3. The Group has taken steps to penetrate the fishing industry in 2015. How much market share is the Company targeting from this business? What is the revenue target and contribution expected to the overall share of the wholesale diesel business?**

Petron's Response

- The volumes going to the fishing industry are allocated by the Ministry of Agriculture and Petron was given a small initial allocation. Petron hopes to be given a higher quota in the future.

- 4. For 2016, are there any plans to introduce new and higher performance products to the market? What factors would differentiate the Company's offerings from the rest of the competitors?**

Petron's Response

- In January this year, Petron successfully launched the first RON100 Euro4M gasoline in Malaysia. This is the highest grade of gasoline that is sold in Malaysia. Blaze 100 Euro 4M joins Petron's extensive world-class fuels line-up which includes Blaze 97 Euro 4M, Blaze 95 Euro 2M and DieselMax. All Petron's fuels have the proprietary Tri Activ formulation that ensures better power, better mileage and better engine protection.
- Petron also introduced the first micro-chip based Fleet Card in the country for fleet customers with enhanced security features.
- As innovation is one of Petron's core values, customers can expect more game-changing product and service offerings.

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- 5. On its service station expansion plans, what are the major considerations taken and the targets set? How would the Company monitor and ensure that the performance and compliance standards of these dealer stations reflect the expectations of the Company?**

Petron's Response

- Since 2015, PMRMB and its sister companies have completed nearly 30 new stations. The Company hopes to sustain the effort this year. Petron assess the performance of all its dealers regularly and this is supported by initiatives such as Petron's Mystery Shopping Program and Service Station of the Year Awards. For company-owned stations, contract renewals are tied to performance.

- 6. On the aviation segment, what is the current market share? What efforts has the Company taken to target this segment and improve its market share?**

Petron's Response

- The Company has significantly improved its supply logistics to enable it to fuel more planes at KLIA. The Company is confident of growing this further by partnering with more airlines using KLIA.

QUESTIONS SENT BY SHAREHOLDERS

- 7. With the recent release of the 1st Quarter 2016 results, retail sales volumes grew by 14% (14% is total sales volumes). What is management expecting in terms of growth in sales volumes for the full year?**

Petron's Response

- The Company has done well in the 1st quarter of 2016 with retail volumes increasing by 6% compared to the same period last year when the industry actually contracted. The Company is confident of sustaining this performance.

- 8. Is management confident that the good financial performance of 2015 will be sustained or even further improved in 2016 as stated by the Chairman in the annual report?**

Petron's Response

- As shown in the Management Report, the significant turnaround in the Company's financial performance came from improvements in the Company's refining and marketing margins. The steady growth in the Company's Retail and Commercial sales volumes helped sustain the Company's marketing margins in the 1st quarter of 2016.
- On the other hand, the Company's refining margins were greatly affected by the differential between the price of finished products and the Company's crude oil costs. The Company experienced favorable refining margins in 2015 but in the first 3 (three) months of 2016, differentials had narrowed which compressed the Company's refining margins. The continued recovery in crude and finished product prices and the dynamic Malaysian economy will hopefully help the Company sustain its performance.

9. As of 3/31/2016, the Company's total debts stood at RM418.9 million, the debts have been reduced quite substantially since 2015 (repayment of debts in 2015: RM444 million & 1st Quarter 2016: RM125 million). The cash on hand now stands at RM200.9 million, and for the 1st quarter 2016, the net cash generated from operations is around RM177 million. With such a healthy cash flow, does the Company intend to pay off all or majority of its debts in 2016?

Petron's Response

- The significant reduction in the Company's debt is due to its decreasing short-term loans. The Company's short-term borrowings are decreasing mainly because of lower working capital requirements brought about by lower crude prices. Based on the Company's requirements, its cash flow is sufficient to meet operating requirements.

10. With such a healthy cash flow, what kind of dividend payout ratio or quantum can be expected by shareholders for this financial year?

Petron's Response

- The Company hopes to sustain this healthy cash flow and cash generation so it can declare a reasonable dividend payout for the shareholders.

11. In practice for the commodity forward hedging contract, how many months in advance does the Company do hedging? And in what quantum (in terms of percentage)?

Petron's Response

- The Company secure forward contracts for its commodity hedging needs based on its forward purchases. This can be from 1 (one) month upwards. In terms of percentage, the Company hedges based on its risk exposure and depending on the market outlook.
- For its hedging program, the Company uses instruments to protect its margins from the volatility of crude and finished product prices. It also enters into short-term forward currency contracts to hedge its exposure to crude oil and finished product importations. It is the Company's policy not to enter into derivative transactions for speculative purposes.

12. For the regulated petrol retail price, what is the quantum of financial impact for the Company for every single \$0.10 of fluctuation?

Petron's Response

- At an exchange rate of 1 US Dollar to 4 Ringgit, a \$0.10/barrel movement is equivalent to about a 0.25 Sens adjustment in pump price.
- Please note that any increase does not affect the Company's profitability since there is a regulated pricing mechanism.

13. In the 4th Quarter of 2015, we had a mandatory maintenance turnaround at the Port Dickson Refinery for 40 days. Do we have a scheduled turnaround in 2016?

Petron's Response

- The recent turnaround is based on a program which is done once every 3 years in order to renew the refinery's Certificate of Fitness (COF) as mandated by law. However, The Company is planning to embark into a special program, which was initiated by DOSH last year that allows turnaround schedules to be extended up to 6 years provided The Company meets all the set criteria. The Company expect to qualify for this program after the 2018 scheduled turnaround.

OTHER KEY QUESTIONS POSED FROM THE FLOOR

14. Of the 550 Retail Stations under Petron in Malaysia, what is PMRMB's Retail Stations' contribution towards the profitability?

Petron's Response

- The Company does not combine the profits of the sister entities (like Petron Fuel International Sdn Bhd) into the profits of PMRMB. As such what profits are reported for PMRMB's are solely PMRMB's (including profit contribution from its Retail Station network)

15. What would be the capex requirements for the introduction of the Euro 5M fuels like diesel?

Petron's Response

- As the Company would need to invest in necessary equipment, it is still studying the matter and the capex requirements. The Company has not finalized the capex at this stage.

16. Can the retained earnings be capitalized eg by converting it into bonus shares?

Petron's Response

- The suggestion will be looked into by Management.

17. In regard to the Multi-Product Pipeline:

(a) Is this a new pipeline or a tie in?

(b) What products are pumped through the pipeline?

(c) If we are sharing with Shell and Petronas, how do we work out the usage?

(d) What is the back-up plan if there is a pump or pipeline failure?

Petron's Response

- PMRMB only tied in to the existing Multi Products Pipeline (MPP). The products that are coursed through the MPP are gasoline and diesel (to the Klang Valley Distribution Terminal) and aviation fuel to KLIA. Shell, Petronas and the Company will course a given product (eg diesel) according to pre-arranged scheduling, where all three parties will course the same products at the same time from their respective refineries. The system is well managed and maintained but in the event of any disruption, the back-up plan would include the use of tankers that would be filling up from Petron's Port Dickson terminal.

18. Would the earnings in 2016 be as good as that in 2017?

Petron's Response

- As a policy, the Company does not engage in profit forecasts. The volatile nature of the downstream oil and gas business is such that the Company is affected by crude prices and products prices that are outside its ability to control. What the Company is seeing in early 2016 is a narrowing of the 'cracks' between the crude prices (our raw materials) and product prices, that can negatively impact margins. The Company's hope is that these 'cracks' improve that can in turn lead to better profitability.

19. If we cannot control product prices and we have made necessary investments, what can we do to manage the business and maintain profitability?

Petron's Response

the Company has a combination of strategic moves to grow the business and volume and at the same time tactical considerations like determining the optimal run-rate at the refinery and balancing that against importation of products. How the Company manages this is key to its long term profitability.

20. How much is pumped via the MPP and how are the savings achieved?

Petron's Response

The Company pumps approximately 26kb of products through the MPP per day. The saving is in both trucking cost (due to the shorter distance travelled between the Klang Valley Distribution Terminal in Cyberjaya, and The Company's Klang Valley Retail Stations - as opposed to travelling to and from the Port Dickson Terminal) and efficiency on time taken to deliver products to the Retail Stations.

FORMAL PROPOSAL OF RESOLUTIONS

Shareholders/proxies were reminded that at the end of the process of formal proposals in respect of each resolution as stated in the Notice of Meeting, the AGM would be temporarily adjourned for the poll voting process. Each of the ordinary resolutions and 1 (one) special resolution, per the Notice of Meeting, were then formally proposed and seconded.

TEMPORARY ADJOURNMENT / POLL VOTING

Following the formal proposal in respect of each of the Resolutions, the AGM was temporarily adjourned by the Chairman at 3:31pm to allow the shareholders/proxies to cast their votes by using their respective registered ballot papers. Messrs Tricor Investor Services Sdn Bhd conducted the poll and the tabulation of votes, independently.

DECLARATION OF RESULTS OF POLL

At 4:03pm, the AGM was re-convened by the Chairman. Returning Officer, Mr. Mahinderpal Singh, from Petron Malaysia Controllers, read out the results of the Poll as tabulated and confirmed by Messrs Tricor Investor Services Sdn Bhd. The Chairman then declared each of the resolutions (as stated below), as carried:

Resolution 1
(Ordinary Resolution)
DECLARATION OF DIVIDEND

RESOLVED THAT a Final Dividend of 20 Sen per ordinary share of 50 Sen each, under a single tier system, for the year ended December 31, 2015, be approved.

Resolution 2 (a)
(Ordinary Resolution)
RE-ELECTION OF DIRECTORS

- Mr. Ferdinand K. Constantino

RESOLVED THAT Mr. Ferdinand K. Constantino, retiring pursuant to Articles 104 and 105 of the Company's Articles of Association, being eligible, be and is hereby re-elected as Director of the Company.

Resolution 2 (b)
(Ordinary Resolution)
RE-ELECTION OF DIRECTORS

- Ms. Chua See Hua

RESOLVED THAT Ms. Chua See Hua, retiring pursuant to Articles 104 and 105 of the Company's Articles of Association, being eligible, be and is hereby re-elected as Director of the Company.

Resolution 3
(Special Resolution)
ELECTION OF DIRECTORS

- Y Bhg Dato' Zainal Abidin bin Putih

RESOLVED THAT Y Bhg Dato' Zainal Abidin bin Putih, retiring pursuant to Articles 104 and 105 of the Company's Articles of Association, being eligible, be and is hereby re-elected as Director of the Company and that he also be appointed as an Independent Director of the Company, in compliance with Recommendation 3.3 of

the Malaysian Code on Corporate Governance 2012.

Resolution 4
(Ordinary Resolution)
DIRECTORS' FEES

RESOLVED THAT the Directors' Fees of RM65,000 per annum per Independent Non-Executive Director, for the financial year 201, be and is hereby approved.

Resolution 5
(Ordinary Resolution)
AUDITORS FOR 2016

RESOLVED THAT Messrs KPMG be and are hereby re-appointed Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorised to determine the remuneration of the Auditors of the Company.

Adjournment

The Chairman thanked the Shareholders present for their participation and support. There being no further business, the Annual General Meeting was adjourned at 4:08p.m.

Respectfully prepared/submitted by



MANOJ DEVADASAN

Corporate Secretary

Confirmed by the Board of Directors:



MR. RAMON S. ANG

Chairman

Date: 18.8.2016

