

**MINUTES OF THE 59TH ANNUAL GENERAL MEETING OF
PETRON MALAYSIA REFINING & MARKETING BHD
(June 7, 2018)**

Time and Place

The 59th Annual General Meeting (“AGM”) of **PETRON MALAYSIA REFINING & MARKETING BHD** (the “Company” or “PMRMB”) was held on June 7, 2018 at the Ball Room, Grand Dorsett Subang Hotel, SS12/1, Subang Jaya, Selangor. The meeting commenced at 2:00 p.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. Fong Seow Kee (Independent Director)
Mr. Antonio Martin Cailao
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)
Pn. Faridah Ali (Head, Retail Business)

CALL TO ORDER / NOTICE / PROXIES / QUORUM

Following confirmation that the Notice of Meeting had been dispatched by post on April 27, 2018, it was confirmed that a total of 411 shareholders had registered to attend the AGM. 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, and as recommended by the Malaysian Corporate Governance Code 2017 (and for the convenience of the shareholders), all voting will be by electronic means. The shareholders/proxies were also informed that the voting by poll will be conducted after the formal proposal and seconding of all the Resolutions. Shareholders/Proxies were also informed that an independent scrutineer would be monitoring and verifying the tabulated votes.

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 as follows:

- The Company’s revenue rose 36% to RM10.4 billion from RM7.6 billion as oil price strengthened, supported by strong sales volume. The first quarter of 2018 saw this upward trend in revenue continue, brought about by further strengthening of prices and increase in volume.
- Total sales volume increased by 9% in 2017 (with domestic sales growth of 7%). Retail volume growth was largely contributed by marketing initiatives and network expansion, while commercial volume grew, largely contributed by aviation and industrial. Export sales also increased with higher crude run in the year.
- For the 1st Quarter of 2018, sales volume continued to grow with continued expansion of the retail network and effective marketing programs. In Commercial business, higher demand for industrial fuels and LPG contributed to higher sales.
- Higher domestic sales at 7% was partially tempered by lower export sales. Together with our sister companies, the strong growth in our Retail volume, despite market demand contraction,

translated to higher market share. This reflects the success of our efforts in the past year and our programs such our network expansion, innovative products and services, and effective promotions.

- Our net income rose significantly to RM405.2 million, 70% higher than 2016. This was mainly driven by higher refining margins supported by higher other income (non-recurring gain from the compulsory divestment of service stations acquired by government). In the 1st Quarter of 2018, we recorded a net income of RM72.1 million as compared to RM108.5 million in 1Q 2017. The lower income is due to lower refining margins as a result of the narrowing price differential between crude and finished products.
- Following are the highlights and accomplishments in 2017 that contributed to our impressive performance:
 - In 2017, Petron streamed 40 new stations under the Petron Malaysia Group. Our 600th station, Petron Behrang Layby Southbound was launched in August 2017, marking a significant milestone for the company.
 - The confidence in the Petron brand also spurred the signing of more commercial accounts while the Company continued to serve key industries such as aviation, manufacturing and power-plants. The Company's sales volume in Aviation grew in tandem with demand for air travel and won more accounts to fuel various multi-national and regional carriers at KLIA and KLIA2. Petron Gasul is now the preferred LPG brand for many households. The Company's 50KG LPG cylinders are now serving a wider base of commercial eateries and small-medium industries. To support the increase in demand, the Company expanded its network of Petron Gasul to the East Coast and South of Peninsular. As of May 2018, the Company launched the sales of Petron Gasul at selected Petron service stations – the first in the country to serve the needs of the community and consumers.
 - After six years in the market, we are now leading the industry through Petron's fuel innovation and unique marketing programs. Petron fueled the 2016/2017 Formula 4 Championship with Blaze 100 Euro 4M. This partnership carved another milestone as a perfect platform to introduce and test our most advanced product innovations to world-class racing. Petron's Turbo Diesel Euro 5 further proved its true-power as the 'environmental-friendly and high cetane' diesel fuel when it fueled the 4x4 vehicles in the Rainforest Challenge Grand Final, one of the

world's most challenging 4x4 races. As of May, Petron had 72 stations selling Blaze 100 Euro 4M, while 126 stations sold Turbo Diesel Euro 5.

- With increasing competition, Petron differentiated itself from competitors by giving the unique Petron experience to its customers. Petron tied up with international movie brands such as "Fast & Furious and Marvel to excite its customers. Petron continues to expand its Petron Miles Loyalty Card program and its Fuel Happy campaigns with new strategies like the "Hypermarket Sweep" with the Giant group and "Home Makeover" with Guardian, while maintaining its successful programs with Malaysia Airlines and AirAsia in the "Fuel & Fly Campaign". Petron led the industry in social media marketing and was accorded recognition by winning the Social Media Excellence Award. Petron was also voted as one of the most preferred brands by the Putra Brand Awards for fuels and lubricants.
- Petron stations won the recognition for having the cleanest toilets in the industry by Ministry of Housing and Local Government.
- In Commercial, the Company engaged in brand building initiatives to promote Petron Gasul LPG through a food trail event called "Kat Mana Sedap" and participated in various community based events to reach out to more customers.
- The Company strengthened its logistics capabilities in its refinery and terminals in line with Petron's retail and commercial business expansion.
- To support future growth, the Company upgraded several facilities in its Port Dickson Refinery (PDR). This includes acquisition of an existing marine pipeline to relieve congestion at the product jetty with plans to build two new 250,000 barrel product tanks to meet the growing demand of Petron products.
- PDR has started the design for a new Diesel Hydro Treater (DHT) to comply with Government's mandate for cleaner Euro 5 diesel standards by 2020.
- PDR's practice of high safety standards and proven track record had earned impressive and notable industry acknowledgements throughout the year. PDR continued its flawless safety performance and recorded more than 15 years without any Lost Time Injury (LTI) to its workforce. PDR also received the prestigious Prime Minister's Hibiscus Award for 'Exceptional Achievement in Environmental Performance 2016/2017'.
- In ensuring Petron products reach customers efficiently, the Company continues to improve its distribution facilities and improved operational reliability at all terminals. The Company

completed a new 50,000 barrel gasoline product tank at Bagan Luar Terminal in Pulau Pinang. We rehabilitated and revived an LPG Redistribution Centre in Kuantan to support the Company's ever expanding LPG sales in the East Coast of Peninsular Malaysia. The Company also commissioned a new hydrant dispenser for refueling aircrafts at the KLIA Distribution Terminal to support our expanding aviation business.

- Petron's excellent safety practices have also earned it another milestone as Petron Group in Malaysia recorded 20.8 years without any LTI at all distribution terminals. We went on to win Gold Merit Award for Port Dickson Terminal, and Gold Class I Award for Bagan Luar Terminal, awarded by the Malaysian Society for Occupational Safety & Health at its annual MSOSH Awards. The Port Dickson and Bagan Luar Terminals are now ISO-certified, having obtained the ISO 9001:2015 Quality Management System certification by SIRIM.
- As the Company expands, it continues to ensure its business is economically, environmentally and socially sustainable for its stakeholders. Petron continued its partnership with key government agencies to make roads safer through its road safety programs at universities and schools. Petron ensures that its stations are the safe haven for motorists through our programs with the Royal Malaysia Police's Go-To-Safety Points. Petron's efforts in greening the environment were achieved through tree-planting initiatives and beach clean-up programs with local councils, schools and communities. Vision Petron continues in the 5th year to reach out to more students to promote national identity and culture through art. Petron saw 900 entries last year and held the award ceremony to deserving students. Petron's Volunteerism in Action program by its employees made a positive difference to our communities through Back to School, Let's Read and various charity programs.

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 Chairman, 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:

Written Questions submitted in advance by Shareholder Minority Shareholders' Watchdog Group

1. As stated in the Management Discussion and Analysis on page 25 of the Annual Report, the Company expects an increase in its capital expenditure in FY2018 as the Company will continue to expand its Retail and Commercial network and start major projects at Port Dickson Refinery ("PDR").

(a) What will be the estimated total capital expenditure for FY2018? Please provide the breakdown of the capital expenditure.

Petron's response

Total capital expenditure planned for 2018 amounts to RM340 million. This will be spent mainly on new service stations, initial phase of our refinery project for Euro 5m compliance (DHT), and additional product jetty/lines and storage tanks at Port Dickson (Cabot).

(b) How many new stations will be constructed in FY2018

Petron's response

We target to construct as many as 50 new stations under PMRMB in 2018. This, however, is largely dependent on how fast we get approval for the design and construction of the stations from local agencies.

2. It was stated in the Chairman's Statement on page 11 of the Annual Report that the Company has tapped into more aviation accounts due to additional routes and gained higher diesel volumes to fuel major industries. How many new aviation accounts did the Company secure in FY2017? How significant will these new aviation accounts be in contributing to the Company's performance?

Petron's response

We secured 5 new accounts in 2017 which contributed 4% of the total aviation revenue (RM31 million).

3. It was reported in the Management Discussion and Analysis on page 19 of the Annual Report that the Company successfully completed a plant maintenance shutdown for 21 days in May 2017

(a) What was the average plant utilization rate for FY2017?

Petron's response

In 2017, the Company completed its periodic plant maintenance shutdown for 21 days. Despite the shutdown, the Company managed to reach an average plant utilisation rate of about 57% (or 50 kbd) for FY2017.

(b) Will there be any planned plant maintenance shutdown in FY2018?

Petron's response

The next planned maintenance shutdown will be on September 2018 for 45 days as part of the DOSH requirement for the refinery to renew its operating license. We had a short 14 days maintenance shutdown this May to regenerate the catalyst of one of our process units. During the maintenance, we ensured we had enough products to meet demand.

(c) As reported on page 23 of the Annual Report, the increase in Other Income of more than 100% was mainly due to non-recurring gains from divested service stations following compulsory land acquisitions by the Government.

i. How much was the total of these non-recurring gains?

Petron's response

The total non-recurring gains related to compulsory land acquisitions for FY2017 is RM65.6 Million comprising gains on disposal and business interruption recovery.

ii. Will there be further divestment of service stations this year?

Petron's response

There are 2 more potential divestments for 2018 due to compulsory acquisition by the government - one for highway construction (Tanah Merah) and another one for LRT 3 (Bukit Tinggi).

4. The Company is proposing an ex-gratia payment of RM20,000 to each Independent Director of the Company for services rendered to the Company in 2017. What is the rationale for this?

Petron's response

In line with the 2016 Companies Act, this is part of the total benefits of Directors that require shareholder approval. The advantage of ex-gratia over other permanent payments (i.e. club memberships, medical insurance) is that it is discretionary upon the Board and considers performance of the Company and the individual performance of the Directors and their collective contribution to the Board and the Company.

Written questions submitted in advance by Shareholders

What is the outlook in crude oil and product prices in the near future?

Petron's response

Crude and product markets remain volatile. The efforts of oil producing countries to cap output has helped demand catch up with supply. The geopolitical situation in Iran and lower Venezuelan output is putting an upward pressure on prices. Fundamentally, there is sufficient supply and we don't expect prices to return to the \$100/barrel level.

Given the volatility of oil prices, what measures are being done to ensure sustainable profitability and returns to the shareholders?

Petron's response

We are continuously implementing a robust commodity risk management strategy so that we can mitigate oil price volatility. We are focused on our key strategies to deliver sustainable growth, namely growing our retail and commercial markets, brand-building, and ensuring operational excellence.

We were glad to see PMRMB share prices rising up to RM13/share only to settle at RM8/share at present. Could you explain what happened?

Petron's response

Share prices are influenced by several external and internal factors as well as investors' sentiment and appetite.

The Port Dickson Refinery contributed significantly to the company's profitability last year. How are we sure that this can be sustainable given the growing number of refineries including the Rapid plant of Petronas?

Petron's response

We expect Malaysia to be a net importer of fuel products even with the Rapid project which means that PDR will continue to contribute to the country's energy needs. PDR also produces mainly for our own domestic sales which we expect to grow with our retail and commercial expansion programs.

Recent pump prices still remain unchanged while the Brent crude oil price has been increasing steadily. What would be the impact on Petron Malaysia's earnings or profit margin?

Petron's response

Under today's regulated pricing structure, oil companies' margins are kept whole by subsidies to motorists when total cost components exceed pump prices set by the government.

Conversely, if the government sets pump prices above the cost components, motorists will have to pay duties. Petron, like other oil companies, collects subsidies from the Government (or pay duties to the Government) on behalf of motorists.

The newly formed government has stated their intention to bring back Petrol subsidies. What would be the impact on Petron Malaysia's earnings? It is noted that the government has yet to announce the new mechanism but can Petron Malaysia give its view on the matter?

Petron's response

As long as the regulated pricing structure remains unchanged, then there is no impact on Petron Malaysia's earnings. If the Government changes the current pricing structure, then there may be an impact on our business. We will continue to work closely with the government on this.

We read in an article early this year that the company plans to expand the refinery. Can you confirm this?

Petron's response

We are currently working on upgrading the Refinery that would allow compliance with Euro 5 Diesel standards in 2020; and we are working on expanding our Product Jetty and storage facilities to support the growing demand of our products. The estimated cost for these two major projects is around RM600 Million. In terms of other major, long-term expansion plans, we are still reviewing our options. Once we finalize our next steps, we will let you know.

What caused the marked improvement in the 2017 performance of PMRMB? How about our performance in the 1st quarter of 2018?

Petron's response

We can attribute our strong performance in 2017 (RM405 million net income) to an overall growth in sales which grew by 9% to 34.9 million barrels, and to taking advantage of more favorable oil prices. This was driven by strong domestic volumes, better refining margins, inventory holding gains, and operational efficiencies.

For the first quarter of the year, we are pleased to note our sales volumes grew by another 4%, with 6% domestic sales growth coming from strong retail sales and higher LPG volumes. However, the cost of crude significantly increased, resulting in lower refining margins. Net income for the quarter was lower by 34% as a result.

Other Key questions posed from the Floor

Is there a dividend policy? Considering the profits, a higher dividend was expected especially in light of the falling share prices. Can you please explain?

Petron's response

We answered this previously at our AGMs but we reiterate that while Petron Corporation has a policy of declaring 25% of the previous year's unappropriated net income, we have not been able to formally adopt this at PMRMB since we remained focused on building the business and managing our borrowings. A larger payout of dividend will require us to borrow more to develop and sustain our business and this will impact shareholders in the long term.

The Company does not intervene in the shares and prefers to leave it to market forces. In relation to the dividend, the Company has over the last three (3) years as we turned profitable, increased our dividend pay-out steadily year on year and we will seek to maintain this growth.

However, even the main shareholder takes the responsible position that whilst it can benefit most from a large dividend pay-out, this would be a short term benefit as PMRMB would suffer in the long term and this would impact all shareholders. Sustainable dividend pay-outs are therefore necessary.

Considering the cash reserves, will Management consider bonus issuance of shares?

Petron's response

Management always looks at the possibility of such corporate exercises but for the time being, the focus remains on business development for the long term good of the Company and its shareholders. The cash reserves, whilst healthy at the moment, is needed to manage the expenses especially to purchase crude and finished products and to manage any borrowings.

We have always heard of the businesses of sister company Petron Fuel International Sdn Bhd ("PFISB") being similar to PMRMB's. How does Management determine which company get the new station when constructed. Would it not be better for PMRMB's minority shareholders if all new stations are PMRMB's? Further, how confident can PMRMB's minority shareholders be that the decision is not skewed in favour of the 100% owned sister-company?

Petron's response

In determining which of the companies will be assigned ownership station, the key factor would be the logistics efficiency and cost of transport. Thus the determination of assignment of ownership would depend on the the location of the closest distribution terminal and ownership of that terminal. For instance if a new station was to be built in the Southern region of Johor, it is likely that it would be a PFISB designated station, considering the nearest terminal in Pasir Gudang is PFISB's. Similarly a new station in the North, eg Kedah would likely be designated to PMRMB due to its proximity to the PMRMB terminal in Bagan Luar. Placing all new stations under PMRMB may not be effective as the cost of transportation may not make the station's operations economically viable. The Company has a stringent process in place to ensure that the process of designating the station is based purely on the factors that make the station

viable economically. The fact that PFISB is a 100% owned entity does not factor in the equation. It is to be noted that the majority of the Petron stations in Peninsular Malaysia are PMRMB's.

Is there any move to consolidate the businesses of PMRMB and its sister-companies?

Petron's response

As mentioned previously, we continue to look at this matter. Many factors including the legal and technical processes, the total cost to PMRMB and the long term economic viability of such a move will have to be studied in details. If a decision is made by the Board, shareholders will be informed.

What is the reason for the lower crude refining as compared with our refinery's capacity?

Petron's response

It is necessary that we run the refinery at its optimum economic level. Whilst we have the capability to run higher production levels to meet growing domestic needs (especially in the high growth Klang Valley and Penang region), there will be inevitably the residual negative margin products such as Low Sulfur Waxy Residue. Thus the higher level of production without corresponding domestic demand, leads to economics losses, that will not be beneficial to the Company and then will affect profitability.

When there is a refinery shutdown, will the Company lose money?

Petron's response

The perception that a shutdown leads to losses is not true. The Company on the whole relies on a combination of refinery production and importation of finished products (that it obtains at economical cots). Thus during the short shutdowns, these are generally planned in advance and advanced purchases of finished prodcuts make up for the lack of production at the refinery.

There are upgrades planned for the Refinery. How will this be financed?

Petron's response

The cost of the upgrading works will be met by internally generated cash and borrowings.

There was mention in the media about an expansion of the refinery capacity by 90,000 barrels per day and at a cost of USD3.5b. What is the status of this plan?

Petron's response

The media report was speculative in nature and arose from a hypothetical question posed to the Chairman by the media in Manila. The Chairman was asked how much it would cost for

such an upgrade and the sum quoted was an estimate if such an expansion is progressed with. There are no such plans for an expansion by 90,000 barrels per day.

What is the refinery's inventory exposure?

Petron's response

In general, 30%-40% of the inventory is sold the same month and the remainder is sold in the next month.

What is the possible impact of electric vehicles on PMRMB's sales?

Petron's response

Whilst it is gaining popularity in Europe and some other developed countries, we do not see a surge in sales of such vehicles for now. Our long terms expansion plans and strategies have already considered the likely impact of electric vehicles.

ANNOUNCEMENT ON TWO-TIER VOTING

The shareholders were informed that following the Notice of AGM and in relation to Y. Bhg. Dato' Zainal's appointment for another term as Independent Director, the Company obtained legal advice that having a two-tier voting on his appointment may be contrary to Section 291 and 293 of the Companies Act 2016 in that the Company must first amend our Articles to provide for such two-tier voting. As such voting on Resolution 4 will not be on a two-tier basis but on a normal voting by poll at this AGM. The Company also informed that it will only be making the amendments along with other amendments in the Company's Constitution at the 2019 AGM. The Company further informed that the change in the planned voting process does not invalidate the Resolution or Notice that was given in relation to Dato' Zainal's appointment.

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 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 3:43 p.m. to allow the shareholders/proxies to cast their votes. . Messrs Tricor Investor Issuing House Services Sdn Bhd conducted the poll and the tabulation of votes. Coopers Professional Scrutineers Sdn Bhd acted as Independent Scrutineers.

DECLARATION OF RESULTS OF POLL

At 4:12pm, the AGM was re-convened by the Chairman. Returning Officer/Independent Scrutineer's Representative, Mr. Chuah Poo Sian, read out the results of the Poll that all the Resolutions tabled at the AGM (as stated below) were duly approved:

- Resolution 1 - THAT the payment of final dividend of 25 sen per ordinary share under single tier system for the year ended 31 December 2017, be and is hereby approved.

- Resolution 2 - THAT the re-election of Mr. Ramon S. Ang as Director of the Company in accordance to Articles 104 and 105 of the Company's Articles of Association, be and is hereby approved.

- Resolution 3 - THAT the re-election of Ms. Aurora T. Calderon as Director of the Company in accordance to Articles 104 and 105 of the Company's Articles of Association, be and is hereby approved.

- Resolution 4 - THAT the appointment of Y. Bhg. Dato' Zainal Abidin Putih as Independent Director in compliance with Practice 4.2 of the Malaysian Code on Corporate Governance 2016, be and is hereby approved.

- Resolution 5 - THAT the election of Mr. Antonio Martin Cailao as Director pursuant to Article 109 of the Company's Articles of Association, be and is hereby approved.

- Resolution 6 - THAT the payment of Directors' Fees for the Independent Directors pursuant to Section 230 of the Companies Act 2016 as follows:

- (a) Annual Directors Fees of RM65,000 to be paid to each Independent Director in 2018.
- (b) The following payments from June 7, 2018 until the next Annual General Meeting in 2019:
 - (i) Attendance Allowance of RM3,000 per meeting for each Independent Director Chairperson of a Committee;
 - (ii) Attendance Allowance of RM2,500 per meeting for each Independent Director; and
 - (iii) (up to) RM700 per month in fuel allowance /claims by each Independent Director.be and are hereby approved; and
- (iv) An ex gratia bonus payment of RM20,000 for each Independent Director who served a full term in 2017 (or pro-rated accordingly), for services rendered to the Company.

Resolution 7 That the appointment of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2018, to hold office until the conclusion of the AGM in 2019 (with authorization to the Board of Directors to determine their remuneration), be and is hereby approved.

The Chairman then declared each of the resolutions as carried.

Adjournment

The Chairman thanked the Shareholders present for their participation and support. There being no further business, the Annual General Meeting was adjourned at 4:39p.m. with a vote of thanks to the Chair.

Respectfully prepared/submitted by

(sgd)

MANOJ DEVADASAN

Corporate Secretary

Confirmed by the Board of Directors:

(sgd)

MR. RAMON S. ANG

Chairman

Date: 29 August 2018