

**MINUTES OF THE 61ST ANNUAL GENERAL MEETING OF
PETRON MALAYSIA REFINING & MARKETING BHD
(June 18, 2020)**

Time and Place

The 61st Annual General Meeting (“AGM” or “Meeting”) of **PETRON MALAYSIA REFINING & MARKETING BHD** (the “Company” or “PMRMB”) was held on June 18, 2020 at the Petron Training Room, Level 13, Menara I&P Tower 2, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia. The meeting commenced at 2:00 p.m. Arising from the COVID19 Pandemic-related Movement Control Order (as mandated by the Malaysian Government) the Meeting was held using Remote Participation and Voting (“RPV”) technology.

Attendance – Directors

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

Mr. Ramon S. Ang (Chairman) – via RPV from Manila, Philippines

Y Bhg Dato’ Zainal Abidin Putih (Independent Director)

Ms. Chua See Hua (Independent Director)

Mr. Fong Seow Kee (Independent Director)

Mr. Antonio Martin Cailao (Independent Director) – via RPV from Manila,
Philippines

Y. Bhg. Dato’ Noorizah Abdul Hamid (Independent Director)

Mr. Lubin B. Nepomuceno (Executive Director/Chief Executive Officer) – via
RPV from Manila, Philippines

Ms. Aurora T. Calderon (Executive Director) – via RPV from Manila,
Philippines

Mr. Ferdinand K. Constantino (non-Executive Director) – via RPV from
Manila, Philippines

In attendance were the following Officers:

Pn. Faridah Ali (General Manager)

Mr. Mark Tristan D. Caparas (Chief Finance Officer)

Mr. Manoj Devadasan (General Counsel/Company Secretary)

Also, in attendance, were:

Mr. Emmanuel E. Erana (Petron Corporation) – via RPV from Manila,
Philippines

Mr. Jaime O. Lu (Petron Corporation) – via RPV from Manila, Philippines

Mr. Joel C. Cruz (Petron Corporation) – via RPV from Manila, Philippines

CHAIRMAN’S ADDRESS

The Meeting commenced with an address to the shareholders (via RPV) by the Chairman of the Board, Mr. Ramon S. Ang.

Mr. Ang then requested for Y. Bhg. Dato’ Zainal Abidin Putih to chair the AGM.

CALL TO ORDER / NOTICE / PROXIES / QUORUM

Y. Bhg. Dato’ Zainal Abidin Putih then proceeded to chair the AGM.

Following confirmation that the Notice of Meeting had been dispatched to shareholders via electronic means on April 30, 2020, it was confirmed that a total of 96 shareholders/proxies had registered to attend the AGM via RPV. It was also confirmed that the Chairman of the AGM, Y. Bhg. Dato’ Zainal Abidin Putih, 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 of the AGM called the Meeting to order. The General Counsel/Company Secretary, Mr. Manoj Devadasan, recorded the minutes of the AGM.

VOTING PROCESS

The Chairman requested the Company Secretary to inform the shareholders of the voting process.

Mr. Manoj Devadasan informed the shareholders/proxies that as the AGM was a ‘virtual’ meeting, hence, shareholders/proxies could cast their votes electronically via the RPV system at anytime. He then read out the seven (7) Resolutions tabled at the AGM as proposed by the Board of Directors, and as

informed to the shareholders via the Notice of AGM dated April 30, 2020. Shareholders/proxies were reminded that all voting shall be by poll.

PRESENTATION - COMPANY'S PERFORMANCE REPORT

The Chairman of the AGM then invited Puan Faridah Ali, General Manager, to deliver the Management's presentation on the Company's business performance for the year. Key highlights presented were as follows:

- The market situation continued to be volatile in 2019. The heightened political tension among oil-producing countries and the trade war between US and China weighed down on Dated Brent crude oil price to a full-year average of USD64 per barrel compared to USD71 per barrel in 2018. The price differential between products, particularly gasoline over Dated Brent, also remained narrow as a result of the global economic slowdown. This resulted to weak refining margins during the period.
- Despite the challenging business environment and heightened competition in the downstream oil industry, the Company's fundamentals remained strong. In 2019, the Company's sales volume grew by 2.3% over the previous year, with total sales of 36.3 million barrels compared to 35.5 million barrels in 2018. In line with the industry demand growth, Petron delivered another strong performance in the highly competitive retail segment through aggressive network expansion, P-Miles loyalty programme and Petron's '*Fuel Happy*' campaign. The Company also sustained its commercial business, fueling major airlines at KLIA and KLIA2 airports, while our LPG business also continued to grow supported by our network and distribution expansion.
- However, despite higher sales volume, our 2019 revenue decreased by 4% to RM11.5 billion (from RM12 billion in the previous year due) to the prevailing lower oil prices. For full year 2019, despite many business challenges, the Company posted an operating income of RM265 million; 14% higher than 2018's RM233 million. The Company's operating expenses were lower than the previous year and that helped to cushion the impact of lower gross margins due to weak refining margins.
- The resulting net income of the Company for the year was RM177 million compared to RM225 million in 2018.
- 2020 unfortunately started on a challenging note. With the negative effect of the Covid-19 pandemic, there was an unprecedented collapse in oil prices due to oversupply and low

demand. Compounding this challenge was the price war between Saudi Arabia and Russia after talks for further production cuts collapsed in early March 2020. Dated Brent fell by 52% to USD32 per barrel in March 2020 from an average of USD67 per barrel in December 2019.

- The 1st Quarter 2020 also saw a sharp drop in domestic fuel demand due to the Movement Control Order, or MCO (imposed by the Government), limiting movement and economic activities. This resulted in 11% drop in the Company's sales volume in the first quarter at 8.1 million barrels compared to 9.1 million barrels last year. The combined effect of inventory holding losses from the sudden plunge in oil prices and reduced sales volume due to MCO resulted in gross loss of RM53 million, translating to net loss of RM84 million for the quarter, a complete reversal of the RM58 million net income posted last year.
- The Company responded to market challenges with commitment and sharper focus to sustain its growth momentum. In 2019, together with its sister companies, Petron opened 57 new stations – the most Petron has ever opened in a year – 31 of which are under PMRMB. This brings Petron's total network to about 700 service stations across Malaysia. With wider retail network, Petron can further increase its brand presence and reach more under-served markets.
- Petron built the country's first ever 'Modular Filling Station' adopting a more efficient way to build stations. Petron now has three (3) of these unique stations which continue to receive positive feedback from customers. Petron upgraded its Blaze 95 fuel to meet Euro 4M standards. This is also in support of the Government's move for cleaner air and reduced pollution. PMRMB's clean-burning Gasul LPG is now available at over sixty (60) service stations.
- To support the Company's aggressive business expansion, PMRMB continued to upgrade and expand its refinery and logistics capabilities. The on-going major projects at PMRMB's Port Dickson Refinery – the Diesel Hydrotreater (or DHT) Project and Marine Import Facilities 2 (MIF2) Project, are both on track for completion in 2020.
- The DHT is PMRMB's biggest investment yet in the refinery. Once completed, it will enable the Company's refinery to produce Euro 5 diesel in compliance with new Government standards. The MIF 2 project, in turn, will allow PMRMB to cater to higher product demand at lower freight cost. The project includes upgrading PMRMB's product jetty, building new pipelines, and adding two new product tanks with total incremental capacity of half a million barrels.

- To meet the Government's biofuel mandate and recognising the need for an adequate and stable supply of quality palm methyl ester, in March 2019, PMRMB acquired a Palm Methyl Ester plant in Lumut, Perak with an annual capacity of 60,000 metric tonnes.
- PMRMB also served more households with its Gasul LPG by widening its network and partnering with a new third-party bottling plant to support growth in the East Coast region.
- In 2019, PMRMB renewed its partnership with Malaysia Airlines Enrich for Petron's Fuel & Fly promotion to New Zealand (with Malaysian celebrity, Alif Satar). Like Petron did in prior years, it partnered with Marvel Studios to hold special movie screenings of their blockbuster movies and offered special Marvel merchandises. At Petron stations, several e-wallet payment options in (partnership with various providers) were launched. Petron was the first oil company to accept payments through MyDebit ATM card where motorists can pay using their ATM cards without the RM200 pre-authorisation hold.
- Petron values its relationship with its service station staff; Petron's very own 'frontliners'. One of the ways to engage with them while nurturing their skills to provide the best customer experience consistently at Petron stations, is through the 'Fuel Happy Games'.
- Petron remains committed to do its part in building stronger communities through its CSR programs focusing on environment, road safety, and community engagement. Petron conducted tree planting activities in its refinery and terminals while promoting proper waste management. This year, PMRMB launched its electronic annual report as a conscious effort to be environmentally responsible.
- Petron's flagship road safety advocacy reached over nine-thousand (9,000) college students this year through its virtual road safety programme. Petron collaborated with the Malaysian Road Safety Department and other partners like Honda, Michelin, and Bosch to provide more than six-thousand (6,000) vehicles safety checks at Petron service stations during festive seasons.
- Petron responded to COVID-19 pandemic call to assist the nation and affected communities through various contributions and sponsorships. Petron contributed about 100,000 pieces of PPEs including face masks, sanitizers, protective gowns and shoe covers to 12 hospitals in 7 states, as well as donated over 50 tonnes of Rice, 15 tonnes of cooking oil, other essential food items and about 3,000 cylinders of Gasul LPG. Petron employees contributed cash donations (that was matched by the Company) to purchase materials for Petron employees and their family members to make 40,000 face shields for hospitals and other front liners.

- Petron’s excellent business practices continued to be recognized. In 2019, Petron was honoured to receive the Putra Brand Award for the fifth (5th) time as the ‘preferred brand’ for fuel and lubricants. Petron was awarded ‘Brand of The Year’ in the Social Media Excellence Award in recognition of its strong presence in social media. Petron also won its first ‘Graduate Choice Award’ in the Oil & Gas sector for its human resources initiatives. In recognition of Petron’s safety performance, the Malaysian Society for Occupational Safety and Health awarded PMRMB’s refinery and the Petron’s terminals in Kuantan, Sepanggar Bay and Pasir Gudang the coveted Grand Awards. Five other terminals each received a Gold award. Five terminals under the Group were also ISO-IMS certified by SIRIM. This reflects Petron’s excellent practices in workplace safety, processes, and environmental management practices.
- PMRMB’s Port Dickson refinery maintained its flawless safety performance and achieved 17 years without any employee Lost Time Injury (LTI) while Petron’s terminals recorded 24 million-man hours or 23 years without LTI.

QUESTIONS FROM SHAREHOLDERS/PROXIES

Written questions that had been submitted in advance by shareholders, were answered by the General Manager, Chief Finance Officer and the General Counsel/Company Secretary.

Shareholders/proxies present via RPV then posed questions relating to the Company, its performance, operations and audited accounts. Some key questions (and response given by the Company) are as follows:

Written Questions submitted in advance by Shareholder

1. **(A) Please explain clearly how the pandemic has affected Petron’s bottom-line.**
(B) Please outline the measures undertaken by the management to cope with the pandemic in terms of coping with the bottom line.

Petron’s Response

The Company’s 1st Quarter 2020 performance was negatively impacted by COVID-19 pandemic. This was further compounded by the price war between Saudi and Russia after talks for a further production cuts collapsed in early March 2020. These resulted in an unprecedented decline in oil prices (both for crude

and products) due to oversupply and low demand. Dated Brent fell by 52% to \$32 per barrel in March 2020 from \$67 per barrel average in December 2019 and the Company incurred a significant inventory holding losses in the 1st Quarter of 2020.

The Company's focus now is to steer the business towards immediate recovery taking into consideration safe operation and the health of its people. Management is also implementing strict cost saving and cash conservation measures to ensure the Company's business sustainability.

- 2. (A) What is the trend of the 'crack' spread?**
- (B) What would it be like going forward in next 6 months?**
- (C) What is the impact low oil prices on the company?**

Petron's Response

Product cracks or price differential between finished products and Crude (Dated Brent) especially for Gasoline have been narrow and that led to the Company suffering weak refining margins in the 1st Quarter of 2020.

Management anticipates the market to continue to be volatile given the current market condition affecting both demand and supply. Driving market factors such as adherence to agreed production cuts by major oil producers, pace of recovery globally from the pandemic, as well as the geopolitical landscape between major economies will impact oil prices.

On the impact of low oil prices on the Company, it is not so much the absolute prices, but more on the price movement. This is because the purchased crude will take about 3 months before they are fully sold as products, thus exposing our inventories to risk of price change during this period.

- 3. Why is the dividend much lower when there was still a decent profit in 2019?**

Petron's Response

We continue to uphold our commitment to provide our shareholders with good returns. The dividend of 12sen per share is 18% of our full year 2019 net income. We have factored in the Company's liquidity, working capital, and investment requirements. This decision is now paying off given the current weak condition of the industry.

- 4. Was the Port Dickson Refinery project, DHT and MIF2 delayed by the MCO?**

Petron's Response

The MCO prevented us from continuing construction works during the period. However, we are now able to resume construction works after complying with all relevant requirements of the Government while practicing stringent safety protocols. The DHT and MIF2 projects are vital strategic projects of the Company and we commit to achieve mechanical completion within 2020.

5. Can the company provide vouchers to shareholders/proxies for attending the virtual AGM?

Petron's Response

In the Administrative Sheet that was sent out on June 1st 2020, we specifically mentioned that there will be no door gifts, meals, and vouchers for the virtual AGM.

6. Why do you not allow shareholders to attend as the Conditional Movement Control Order is over and Securities Commission does not prohibit a physical AGM anymore?

Petron's Response

When we announced the move to a virtual AGM on June 1st 2020, the Conditional Movement Control Order was still in place, as was the Securities Commission's guideline of the time. With the Recovery Movement Control Order now in place, whilst Securities Commission has removed some of the restriction, it said we must still follow the Government's directive. The Securities Commission also strongly encouraged shareholders to continue participation via virtual meetings. The Government clearly stated no 'mass gatherings' are allowed during the Recovery Movement Control Order. As such physical attendance at the AGM would not be feasible. Our paramount concern remains ensuring the health and safety of our shareholders, directors and employees.

Questions posed to the Board/Management from the Shareholders/Proxies Present

1. What is the cost of conducting this virtual AGM?

Petron's Response

The cost of holding an AGM via 'virtual' means is indeed less than that involving a physical AGM. In relation to a 'virtual' AGM, the cost (much like in a physical AGM) will vary from company to company depending on what is requested of the service provider. However, it would not be proper to publicly disclose contractual details the Company has with a service provider.

2. The Statement of Cash Flows on page 93 of the Annual Report showed an increase of RM570.213 Million in the change in trade and other receivables and other financial assets.

What is the reason(s) for the big increase in cash flow for this particular item?

Petron's Response

The significant change in receivables was mainly due to collection of 2018 GST and government subsidy claims.

3. Please provide details of the investment property which is reclassified from PPE as Investment Property which showed an increase of RM368.571 million?

Petron's Response

The adoption of the new Accounting Standards particularly MFRS 16 - Leases resulted in service station lands previously recognised in PPE and long-term assets but held to earn rental income, to be reported as investment properties.

4. Are we making decent money from sale of groceries in petrol stations? If so how much profit?

Petron's Response

In regard our backcourt 'convenience retailing' business, we do not own the dry stocks. Hence, sales at backcourt are transacted between station dealers and vendors. However, we earn income in the form of rebates and placement fees.

5. Will the recording/transcription of the meeting will be given to the members. If yes, when will that be?

Petron's Response

Whilst we do not provide 'recording/transcripts' of the AGM to shareholders, our normal practice is to publish on our website the Minutes of the AGM once the said Minutes are confirmed by the Board of Directors (at its next meeting).

6. The company's earnings performance had been declining over the last few years and its dividends payments have dropped from 25sen/share to 20 sen/share and now only 12sen/share. Please let us know how you plan to reverse this decline going forward?

Petron's Response

The question on the current dividend had been addressed earlier. The Company's performance in the last few years was affected by unfavorable market factors that are beyond our control. The Company

will remain focused on growing the business and invest on long term strategic projects to ensure the Company's continued profitability and sustainability.

7. How much of the losses in the 1st Quarter 2020 was due to the drop in oil price?

Petron's Response

About RM150 million. This would have been significantly higher were it not for the commodity risk hedging measures that the Company did.

8. What was the daily amount of oil refined during the MCO? Was there any change in the ratio of refined products?

Petron's Response

The daily amount of oil refined during MCO is about 38 thousand barrels. There was no significant change in the ratio of refined products.

9. What was the dropped in sales of the Company's service station during the month of April and May 2020?

Petron's Response

We estimated that the Company's Retail Business (and Commercial Business) volume dipped by about 60% from its pre-Movement Control Order level. This was however partly cushioned by the increase in exports, bringing the total volume decline to approximately 40%.

10. Can the Board share the capex plan for 2020 if there's any amendment due to the challenging COVID-19 pandemic?

Petron's Response

Due to the recent financial downturn arising from the Covid19 pandemic, the Company has re-prioritized its plan for capital expenditure, mainly by deferring projects that are not yet started or not

yet legally committed in 2020. However, we will continue to complete major ongoing projects which include the Port Dickson refinery's projects for Euro 5M compliance (DHT Project), marine import facilities (MIF2) and new service stations.

11. What are the hedging strategies employed in ensuring good margin to the refinery segment?

Petron's Response

The Company uses commodity hedging instruments such as time-spreads and swaps to manage/cap the impact of oil price volatility on our inventory and margins. We also secure short-term currency forward contracts to manage forex exposures on US Dollar-denominated crude oil and finished product liabilities. It is the Company's policy not to enter into derivative transactions for speculative purposes.

POLL VOTING

Following the question and answer session, the Chairman of the AGM moved to allow all shareholders/proxies who had yet to cast their votes (in relation to the resolutions tabled), an additional ten (10) minutes, to complete their voting via the RPV system.

COUNTING OF VOTES / TEMPORARY AGJOURNMENT

Following the above ten (10) minute additional time provided for voting, the Chairman of the AGM announced that voting period as closed. The AGM was then temporarily adjourned by the Chairman of the AGM at 3:00pm for twenty (20) minutes to allow Messrs. Tricor Investor Issuing House Services Sdn Bhd to tabulate the votes and obtain confirmation from Messrs. Coopers Professional Scrutineers Sdn Bhd that acted as Independent Scrutineers for the AGM.

At 3.22p.m., the AGM was re-convened by the Chairman. Company Secretary, Mr. Manoj Devadasan, read out the results of the Poll Voting as confirmed and the Chairman of the AGM who then declared the respective Resolutions below, as approved and duly carried:

Resolution 1 - THAT the payment of final dividend of 12 sen per ordinary share for the year ended

31 December 2019, be and is hereby approved.

- Resolution 2 - THAT the re-election of Independent Director Mr. Fong Seow Kee as a Director of the Company in accordance to Articles 103 and 104 of the Company's Constitution, be and is hereby approved.
- Resolution 3 - THAT the re-election of Independent Director Mr. Antonio Martin Cailao as a Director of the Company in accordance to Articles 103 and 104 of the Company's Constitution, be and is hereby approved.
- Resolution 4 - THAT the election of Independent Director Y. Bhg. Dato' Noorizah Abdul Hamid as a Director of the Company in accordance to Article 109 of the Company's Constitution, be and is hereby approved.
- Resolution 5 - THAT the appointment as an Independent Directors of Y. Bhg. Dato' Zainal Abidin Putih - who has served more than twelve (12) years as an Independent Director - in compliance Article 101(d) of the Company's Constitution and Practice 4.2 of the Malaysian Code on Corporate Governance 2017, be and is hereby approved.
- Resolution 6 - THAT the payment of Directors' Fees for the Independent Directors, as follows:
- (a) Annual Directors Fees of RM78,000 to be paid to each Independent Director in 2020.
 - (b) The following payments from June 18, 2020 until the next Annual General Meeting in 2021:
 - (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 (who is not a Chairperson of a Committee);
 - (iii) (up to) RM700 per month in fuel allowance /claims by each Independent Director; and

(c) An ex gratia bonus payment of RM15,000 for each Independent Director who served a full term in 2019, for services rendered to the Company.
be and is hereby approved.

Resolution 7 THAT the appointment of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2020, to hold office until the conclusion of the AGM in 2021 (with authorization to the Board of Directors to determine their remuneration), be and is hereby approved.

Adjournment

The Chairman thanked the Shareholders present for their participation and support. There being no further business, the Annual General Meeting was adjourned at 3:31p.m. with a vote of thanks to the Chair.

Respectfully prepared/submitted by

MANOJ DEVADASAN

Corporate Secretary

Confirmed by the Board of Directors:

MR. RAMON S. ANG

Chairman

Date: August 26, 2020