

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY**

If you have sold or transferred all your shares in PETRON MALAYSIA REFINING & MARKETING BHD (Registration No. 196001000260 (3927-V)) (or “the Company”), you should at once hand this Circular in its entirety to the purchaser or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Circular prior to its issuance, except in respect of the additional recurrent related party transactions under the proposed new shareholders’ mandate on a limited review basis pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the Proposals as set out herein.



**PETRON MALAYSIA REFINING & MARKETING BHD**

(Registration No. 196001000260 (3927-V))

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO PROPOSED RENEWAL AND NEW SHAREHOLDERS’ MANDATES  
FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE  
OR TRADING NATURE**

The ordinary resolutions pertaining to the Proposals will be tabled as special business at the Sixty-Fourth (**64th**) **Annual General Meeting (“64th AGM”)** of the Company. Notice of the **64th AGM** dated 27 April 2023 together with the Form of Proxy are set out in the Annual Report of the Company for the financial year ended 31 December 2022 which is available to be downloaded from the Company’s website at [www.petron.com.my](http://www.petron.com.my) or Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The date, time and venue of the **64th AGM** are as follows:

Date and time of the <b>64th</b> AGM	: Thursday, 15 <sup>th</sup> June 2023 at 2:00pm or at any adjournment thereof
Venue	: Mutiara Grand Ballroom, Royale Chulan Damansara, 2A, Jln PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Please complete your Proxy Form in accordance with the instructions therein, sign and return it to the office of the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) by fax at 03-2783 9222 or by e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com). However, please ensure that the Original Proxy Form is deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid. You may also submit the proxy appointment electronically via Tricor Online website at <https://tjih.online>. As the voting will be by poll, the proxy form must be lodged on or before the following time and date:

Last day and time for lodging of Proxy Form	: Wednesday, 14 <sup>th</sup> June 2023 at 2:00pm
Date and time of the <b>64th</b> AGM	: Thursday, 15 <sup>th</sup> June 2023 at 2:00pm

This Circular is dated April 27, 2023

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## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular.

- “Act” : Companies Act 2016, as amended from time to time including any re-enactment thereof
- “AGM” : Annual General Meeting
- “Board” : Board of Directors of PMRMB
- “Bursa Securities” : Bursa Malaysia Securities Berhad
- “Circular” : This Circular to the Shareholders of PMRMB dated 27 April 2023 in relation to the Proposals
- “CMSA” : Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
- “Company” or “PMRMB” : Petron Malaysia Refining & Marketing Bhd
- “COO” : Chief Operating Officer
- “Director(s)” : Shall have the meaning given in Section 2(1) of the CMSA and for the purpose of the Proposals includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a director or chief executive officer of PMRMB or any other company which is its subsidiary or holding company
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
- “LPD” : 31 March 2023, being the latest practicable date prior to the printing of this Circular
- “Major Shareholder” : Includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more voting shares in PMRMB (or any other company which is its subsidiary or holding company) and the number or aggregate number of those shares is:
- (a) 10% or more of the total number of voting shares in PMRMB;
  - or
  - (b) 5% or more of the total number of voting shares in PMRMB where such person is the largest shareholder of PMRMB
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act
- “Management” : The management of the Company

“Person Connected”	:	Shall have the same meaning as in paragraph 1.01 of the Listing Requirements
“Petron Corporation”	:	Petron Corporation, a company incorporated in the Philippines, and the intermediate holding company of PMRMB
“POGI”	:	Petron Oil & Gas International Sdn Bhd, the holding company and a Major Shareholder of PMRMB
“Proposals” or “Proposed Mandates”	:	Collectively, Proposed Renewal of Shareholders’ Mandate and Proposed New Shareholders’ Mandate
“Proposed New Shareholders’ Mandate”	:	Proposed new shareholders’ mandate for Recurrent Related Party Transactions to be entered into by PMRMB as set out in paragraph 2.5.2 of this Circular
“Proposed Renewal of Shareholders’ Mandate”	:	Proposed renewal of existing shareholders’ mandate for Recurrent Related Party Transactions entered into by PMRMB as set out in paragraph 2.5.1 of this Circular
“PSTPL”	:	Petron Singapore Trading Pte Ltd, a company incorporated in Singapore, and a wholly owned subsidiary of Petron Corporation
"Recurrent Related Party Transactions" or "RRPTs"	:	Related Party Transactions which are recurrent, of revenue or trading nature which are necessary for the day-to-day operations and are entered into by the Company in the ordinary course of business which involve the interest, direct or indirect, of a Related Party
“Related Party Transactions”	:	Transactions entered into by the Company which involve the interest, direct or indirect, of a Related Party
"Related Party" or "Related Parties"	:	Director(s), Major Shareholder or a Person Connected with such Director(s) or Major Shareholder
“RM”	:	Ringgit Malaysia
“SMC”	:	San Miguel Corporation, a company incorporated in the Philippines, and the ultimate holding company of PMRMB

All references to “you” in this Circular are to the shareholders of the Company. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. Reference to persons shall include corporations.

Any reference to any legislation or guideline in this Circular is a reference to that legislation or guideline as amended or re-enacted from time to time.

Any reference to time of day and date in this Circular is a reference to Malaysian time and date, respectively.

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# PETRON MALAYSIA REFINING & MARKETING BHD

(Registration No. 196001000260 (3927-V))

## REGISTERED OFFICE

Office of the Secretary,  
Level 12A, Menara I&P 1,  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur

27 April 2023

## BOARD OF DIRECTORS

**Mr. Ramon S. Ang** (*Chairman, Executive Director*)  
**Y. Bhg. Datuk Nik Mohd Hasyudeen Bin Yusoff** (*Independent Non-Executive Director*)  
**Ms. Chua See Hua** (*Independent Non-Executive Director*)  
**Mr. Fong Seow Kee** (*Independent Non-Executive Director*)  
**Mr. Antonio Martin Cailao** (*Independent Non-Executive Director*)  
**Y. Bhg. Dato' Noorizah Bt Hj Abd Hamid** (*Independent Non-Executive Director*)  
**Mr. Lubin B. Nepomuceno** (*Chief Executive Officer, Executive Director*)  
**Ms. Aurora T. Calderon** (*Executive Director*)  
**Mr. Ferdinand K. Constantino** (*Non-Independent Non-Executive Director*)

**To: The Shareholders of the Company**

Dear Sir/Madam,

## **PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("PROPOSALS")**

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### **1. INTRODUCTION**

On March 16, 2023 the Board announced that the Company will seek the approval of its shareholders for the Proposals at the forthcoming 64th AGM of PMRMB.

The purpose of this Circular is to provide you with the relevant information on the Proposals and to seek your approval for the ordinary resolutions to be tabled at the said AGM as Special Business, the Notice of which together with the Proxy Form are set out in the Annual Report of PMRMB for the financial year ended 31 December 2022.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE ATTACHED APPENDIX BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED MANDATES AT THE FORTHCOMING AGM OF PMRMB.**

## 2. DETAILS OF THE PROPOSED MANDATES

### 2.1 Provisions under the Listing Requirements

Pursuant to paragraph 10.09(2) of Chapter 10 of the Listing Requirements, the Company may seek a shareholders' mandate for related party transactions involving recurrent transactions of revenue or trading nature which are necessary for day-to-day operations of the Company, subject to the following:

- (a) the transactions are in the ordinary course of business with terms that are not more favorable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure in the Company's annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where such aggregate value is equal to or exceeds the applicable prescribed threshold as follows:
  - (i) the consideration, value of the assets, capital outlay or cost of the Recurrent Related Party Transactions is RM1 million or more; or
  - (ii) the percentage ratio of such Recurrent Related Party Transactions is 1% or more;whichever is higher;
- (c) PMRMB's circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities;
- (d) in PMRMB's meeting to obtain shareholders' mandate:
  - (i) a Related Party with any interest, direct or indirect ("Interested Related Party"), must abstain from voting on the resolutions in respect of the RRPTs;
  - (ii) an Interested Related Party must also ensure that Persons Connected with them abstain from voting on the resolutions in respect of the RRPTs;
  - (iii) where the Interested Related Party is a Person Connected with a Director or Major Shareholder, such Person Connected must abstain from voting on the resolutions in respect of the RRPTs; and
- (e) PMRMB immediately announces to Bursa Securities when the actual value of the Recurrent Related Party Transactions that the Company has entered into exceeds by 10% or more the estimated value of such transactions disclosed in this Circular and must include the information as may be prescribed by Bursa Securities in its announcement.

Where PMRMB has procured a shareholders' mandate pursuant to the above, the provisions of paragraph 10.08 of the Listing Requirements shall not apply.

## 2.2 Validity Period and Disclosure of the Proposed Mandates

The authority conferred pursuant to the Proposed Mandates, if approved at the forthcoming AGM, will take effect from the passing of the ordinary resolutions relating thereto and will continue to be in force until:

- i) the conclusion of the next AGM of the Company following the forthcoming AGM, at which time it shall lapse, unless by a resolution passed at a general meeting, the mandate is again renewed; or
  - ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - iii) revoked or varied by resolution passed by the shareholders in general meeting;
- whichever is earlier.

## 2.3 Principal Activities of PMRMB

The Company is principally engaged in the refining and marketing of petroleum products in Peninsular Malaysia.

## 2.4 Class of Related Party

The Proposed Mandates will apply to RRPTs between PMRMB and PSTPL involving the following class of Interested Related Party:

<b>Name of Related Party</b>	<b>Class of Related Party</b>	<b>Relationship with PMRMB</b>
Petron Corporation	Person Connected to Major Shareholder of PMRMB.	<p>Petron Corporation is the holding company of POGI, the latter in turn is the holding company and a Major Shareholder of PMRMB with a direct shareholding of 73.4% in PMRMB.</p> <p>Due to the aforesaid relationship, Petron Corporation is also an intermediate holding company of PMRMB; and a Person Connected to POGI (a Major Shareholder of PMRMB).</p> <p>Petron Corporation owns 100% shareholding in PSTPL.</p>

## 2.5 Details of the RRPTs

### 2.5.1 The details of the RRPTs entered into by PMRMB under the Proposed Renewal of Shareholders' Mandate:

Company	Transacting Related Party	Nature of Transaction	Interested Related Party	Nature of relationship as at the LPD	# Estimated value of transaction(s) disclosed in previous mandate to 64th AGM RM'000	@ Actual value transacted since last AGM until LPD RM'000	++ Estimated value from 15 June 2023 (date of 64th AGM) to the date of next AGM RM'000
PMRMB	PSTPL	Purchase of crude oil from PSTPL	Interested Major Shareholders: • POGI  Interested Directors: • Mr. Ramon S. Ang • Mr. Lubin B. Nepomuceno • Ms. Aurora T. Calderon • Mr. Ferdinand K. Constantino  Interested person connected: • Petron Corporation • SMC	See notes (1), (2), (3), (4), (5), (6) & (7)	130,000	0	130,000
PMRMB	PSTPL	Sale of petroleum (finished products such as but not limited to Jet fuel) to PSTPL	Interested Major Shareholders: • POGI  Interested Directors: • Mr. Ramon S. Ang • Mr. Lubin B. Nepomuceno • Ms. Aurora T. Calderon • Mr. Ferdinand K. Constantino  Interested person connected: • Petron Corporation • SMC	See notes (1), (2), (3), (4), (5), (6) & (7)	110,000	13,376	250,000
PMRMB	PSTPL	Purchase of petroleum (finished products such as but not limited to Diesel, Gasoline, Liquified Petroleum Gas and Blending components) from PSTPL	Interested Major Shareholders: • POGI  Interested Directors: • Mr. Ramon S. Ang • Mr. Lubin B. Nepomuceno • Ms. Aurora T. Calderon • Mr. Ferdinand K. Constantino  Interested person connected: • Petron Corporation • SMC	See notes (1), (2), (3), (4), (5), (6) & (7)	2,460,000	992,765	1,420,000
<b>Total</b>					2,700,000	1,006,141	1,800,000



2.5.2 The details of the RRPTs to be entered into by PMRMB under the Proposed New Shareholders' Mandate:

Company	Transacting Related Party	Nature of Transaction	Interested Related Parties	Nature of relationship as at the LPD	++ Estimated value from 15 June 2023 (date of 64th AGM) to the date of next AGM (RM'000)
PMRMB	PSTPL	Services related to arrangement, movement and transportation of crude oil, condensate and petroleum (finished or intermediate products such as but not limited to diesel, gasoline, liquified petroleum gas, blending components and other feedstocks)	Interested Major Shareholders: <ul style="list-style-type: none"> <li>• POGI</li> </ul> Interested Directors: <ul style="list-style-type: none"> <li>• Mr. Ramon S. Ang</li> <li>• Mr. Lubin B. Nepomuceno</li> <li>• Ms. Aurora T. Calderon</li> <li>• Mr. Ferdinand K. Constantino</li> </ul> Interested person connected: <ul style="list-style-type: none"> <li>• Petron Corporation</li> <li>• SMC</li> </ul>	See notes (1), (2), (3), (4), (5), (6) & (7)	200,000
<b>Total</b>					200,000

**Notes:**

- (1) *POGI is the holding company and a Major Shareholder of PMRMB.*
- (2) *Petron Corporation is the holding company of POGI and an intermediate holding company of PMRMB. Petron Corporation owns 100% shareholding in PSTPL.*
- (3) *SMC is the holding company of Petron Corporation and the ultimate holding company of PMRMB.*
- (4) *Mr. Ramon S. Ang is a board representative of Petron Corporation in PMRMB. He is the Chairman of POGI, President, Executive Director and Chief Executive Officer of Petron Corporation. He is also the Vice Chairman, President and COO of SMC, the ultimate holding company of PMRMB.*
- (5) *Mr. Lubin B. Nepomuceno. He is a board representative of Petron Corporation in PMRMB. He is a director of POGI and is the General Manager and a director of Petron Corporation.*

- (6) *Ms. Aurora T. Calderon. She is a board representative of Petron Corporation in PMRMB. She sits on the boards of POGI, Petron Corporation and PSTPL. She is also a director and the Senior Vice President and Senior Executive Assistant to the President and COO of SMC, the ultimate holding company of PMRMB.*
- (7) *Mr. Ferdinand K. Constantino. He is the Chief Financial Officer, Treasurer and Corporate Information Officer of SMC, the ultimate holding company of PMRMB.*
- # *Estimated value as disclosed in the Circular to Shareholders dated 28 April 2022 and approved at the 63<sup>rd</sup> AGM on 16 June 2022.*
- @ *Actual value of transaction from the date of the existing shareholders' mandate obtained at the 63<sup>rd</sup> AGM held on 16 June 2022 up to LPD.*
- ++ *The estimated value shown represents the best estimates by our management i.e. about 20% to 25% of total projected sales revenue of PMRMB in a year. Accordingly, the actual transacted values may vary and are subject to change.*

## **2.6 Amount Due and Owing to PMRMB arising from the RRPTs**

As at 31 December 2022, there is no amount due and owing to PMRMB arising from the RRPTs as per Section 2.5.1 of this Circular.

## **2.7 Rationale and Benefits of the RRPTs**

The rationale and benefits of the Proposed Mandates to PMRMB are as follows:

### **Rationale**

- i) PSTPL was incorporated in Singapore in 2010, with the principal business of procurement and trading of crude oil, petroleum and related products, as well as crude vessel chartering and commodity risk management services, mainly for its parent company Petron Corporation and affiliates (“Petron Group”). With over a decade of experience, PSTPL has developed a wide range of industry expertise, established strong business affiliations, sustained solid financial position, as well as enjoyed a strong market presence in the region, all contributing to an efficient and cost-effective procurement and trading synergy for the Petron Group. In its past and current dealings with PMRMB since the approval of the first shareholders’ mandate for RRPTs at our 62<sup>nd</sup> AGM on June 17, 2021, PSTPL has proven its competitiveness that is comparable and even better than third party regional suppliers.
- ii) The Proposed Mandates will ensure continued benefits and savings for PMRMB from the synergy of a groupwide product procurement strategy which resulted in lower freight and demurrage costs as well as better discount. Further, the Proposals will enable PMRMB to optimize the use and benefit of its Marine Import Facility 2 (MIF2) unit at its Port Dickson Refinery, by ensuring a long term and reliable source of larger parcels of imported gasoline products from PSTPL.

## Benefits

- i) The Proposed Mandates will facilitate the execution of the Related Party Transactions which are part of PMRMB's ordinary course of business and day-to-day operations. They are recurring transactions of revenue or trading in nature which are likely to occur with some degree of frequency and which may arise at any time and from time to time. These transactions are an integral part of our business and are intended to meet our business needs.
- ii) The transactions under the Proposed Mandates will be on an arm's length basis with terms and conditions which will not be more favorable to the Related Party than those generally available to the public and not detrimental to the minority shareholders. Further, the addition of PSTPL as a potential buyer and/or supplier of crude oil and petroleum products for PMRMB aside from the Company's usual third-party buyers/suppliers, will create a wider set of alternatives that will enable PMRMB to obtain the most beneficial price and offer terms.
- iii) The Proposed Mandates will enhance PMRMB's ability to pursue business transactions that will result in improved profit. Offers for these transactions are usually time sensitive and frequent. Without shareholders' mandate for RRPTs with PSTPL, it will be impractical for PMRMB to seek shareholders' approval on a case-by-case basis before entering into such transactions. It has been proven in the past that PSTPL was able to provide quotes with better prices and terms compared to third parties. However, PMRMB was not able to enter into those transactions and benefit from the opportunities as PMRMB did not have shareholders' mandate for RRPT in place.
- iv) The sale of petroleum products to PSTPL is expected to improve PMRMB's profitability as PSTPL will become an additional buyer of PMRMB's export products aside from its usual third-party buyers. With more potential overseas buyers, PMRMB will be in a better position to demand and choose the best price and terms for its exports sales.
- v) The purchase of crude oil and petroleum products from PSTPL is expected to contribute to PMRMB's profitability through cheaper import costs and freight savings. PSTPL is involved in the procurement and trading of crude oil and petroleum products in the region. With the potential incremental requirements from PMRMB, PSTPL will improve its economies of scale from higher transaction volume since it can further optimize vessel chartering cost which will eventually translate to incremental freight cost savings and better volume discount for PMRMB.
- vi) Aside from PMRMB being able to access opportunities for more competitive prices and terms, the addition of PSTPL will strengthen the pool of available suppliers of PMRMB, thereby resulting in a more reliable, cost-effective and predictable sourcing process for crude oil feedstock and petroleum products. With a strong and reliable supply chain in place, PMRMB will be able to ensure stable and uninterrupted refining operations as well as more responsive interactions with its customers. Overall, these will help the Company sustain its presence in the domestic market, improve product availability, reduce inventory lead time and optimize utilization of the Company's resources.
- vii) The proposed inclusion of services related to the arrangement, movement and transportation of crude oil, condensate and petroleum products will provide better opportunity for PMRMB to optimize its logistics operation, resulting in further savings on freight costs.

## 2.8 Review Procedures

PMRMB has established various procedures to ensure that RRPTs are undertaken at arm's length basis, under normal commercial terms consistent with the Company's usual business practices and policies, based on transaction prices and terms not more favorable to the Related Party than those generally available to the public, and are not detrimental to the minority shareholders.

To monitor the RRPTs, the following review procedures will continue to be implemented:

- (a) the transactions with the Related Party are only entered into after taking into account the pricing and other related factors, which are generally governed by terms not more favorable than those extended to/by third parties, and are not detrimental to the minority shareholders;
- (b) the Company is aware of the requirements to monitor, and currently has in place proper processes and systems to record and report all RRPTs for compilation and reporting to the Board Audit & Risk Management Committee;
- (c) the transaction prices and terms will be based on prevailing market rates under the existing business condition. At least two other competing offers from third parties for similar services, products and/or quantities shall be obtained, wherever possible, to ensure that the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by third parties for the same or substantially similar type of products and/or quantities. If offers to/from third parties are proven to be more beneficial than from the Related Party, PMRMB will reject the offer to/by the Related Party and shall pursue transactions with third parties. However, where it is impractical or impossible for quotes and/or tenders to be obtained from third parties, the transaction price and terms with the Related Party will be determined based on normal business practices of PMRMB, including but not limited to comparison with available published market prices, cost-benefit analysis, economic advantage evaluation, time-critical matters and/or continuous operational requirements to ensure the RRPTs are not detrimental to the Company and its minority shareholders;
- (d) all RRPTs will be reviewed monthly by the Management of PMRMB to ensure that they are within the shareholders' mandate obtained;
- (e) records will be maintained by the Management of PMRMB to capture all RRPTs entered into pursuant to the Proposed New Shareholders' Mandate;
- (f) the Company has limits of authority whereby different types of transactions (based on the nature and amount) including those entered into with Related Parties, undergo review and approval process at different authority levels. For example, purchases of crude oil and/or finished products above RM5,000,000 are approved by an Executive Director of the Board of Directors, transaction up to RM5,000,000 are approved by the General Manager, while RM2,000,000 and below are approved by the Chief Finance Officer. All RRPTs are submitted to the Board Audit and Risk Management Committee for review on a quarterly basis or whenever the need arises;
- (g) the Company Secretary shall be informed of changes in Director's interest and directorship in other companies as well as in the PMRMB Group, if any;
- (h) the Management shall be informed of its responsibilities and obligations to ensure proper identification, tracking and reporting of RRPTs;

- (i) tracking of the value of RRPTs are done for the purpose of disclosure in the Annual Report. Where the transaction value exceeds 10% or more of the mandated amount, the Management shall notify and provide explanation to the Company Secretary so that an immediate announcement to Bursa Securities can be made;
- (j) for RRPTs that are not included in the shareholders' mandate but are expected to exceed the announcement threshold for RRPTs pursuant to paragraph 10.09(2) of the Listing Requirements, the Management is responsible for tracking transaction values for immediate announcement to Bursa Securities; and
- (k) the Board Audit & Risk Management Committee will consider, from time to time, whether the established guidelines and procedures for RRPTs have become inappropriate and/or it is unable to ensure that the transactions will be on normal commercial terms and/or will prejudice the interests of minority shareholders. Notwithstanding that, the guidelines and procedures for RRPTs will be reviewed by the Board Audit & Risk Management Committee at least once in a financial year.

## 2.9 Statement by the Board Audit & Risk Management Committee

The Board Audit & Risk Management Committee has reviewed the procedures mentioned in Section 2.8 of this Circular and is of the view that the procedures are sufficient to ensure that the RRPTs are not more favorable to the Related Party than those generally available to the public, are not to the detriment of the minority shareholders of the Company, and that PMRMB has put in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. Such procedures and processes are reviewed on an annual basis or whenever the need arises.

## 2.10 Interests of Directors, Major Shareholders and/or Persons Connected with them

As at the LPD, the direct and indirect shareholdings of the interested Directors, Major Shareholders of our Company and/or Persons Connected with them are as follows:

	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
<b>Interested Directors</b>				
Mr. Ramon S. Ang	-	-	-	-
Mr. Lubin B. Nepomuceno	-	-	-	-
Ms. Aurora T. Calderon	-	-	-	-
Mr. Ferdinand K. Constantino	-	-	-	-
<b>Interested Major Shareholder</b>				
POGI	198,179,063	73.40	-	-
<b>Interested Person Connected</b>				
Petron Corporation	-	-	-	-
SMC	-	-	-	-

Based on details as disclosed in paragraph 2.4 of this Circular, Mr. Ramon S. Ang, Mr. Lubin B. Nepomuceno, Ms. Aurora T. Calderon and Mr. Ferdinand K. Constantino, being interested Directors (“Interested Directors”), have abstained and will continue to abstain from all Board deliberations and voting in relation to the Proposed Mandates.

The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company (where applicable) on the ordinary resolutions, deliberating or approving the Proposed Mandates at the forthcoming AGM. They have respectively undertaken to ensure that persons connected with them will also abstain from voting on the ordinary resolutions, deliberating or approving the Proposed Mandates at the forthcoming AGM.

POGI, Petron Corporation and SMC, being interested Major Shareholder and interested Person Connected with Major Shareholder respectively, will abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolutions, deliberating or approving the Proposed Mandates at the forthcoming AGM. They have respectively undertaken to ensure that persons connected with them will also abstain from voting in respect of their direct and/or indirect shareholdings (if any) on the ordinary resolutions, deliberating or approving the Proposed Mandates at the forthcoming AGM.

Save as disclosed above, none of the other Directors or Major Shareholders and Persons Connected with them has any interest, direct or indirect, in the Proposed Mandates.

### **2.11 Directors’ Recommendation**

The Board (save and except for the Interested Directors), having considered all aspects of the Proposed Mandates, is of the opinion that the Proposed Mandates are in the best interest of the Company. Accordingly, the Board (save and except for the Interested Directors) recommends that you vote in favor of the ordinary resolutions relating to the Proposed Mandates to be tabled at the forthcoming AGM.

## **3. APPROVAL REQUIRED**

The Proposed Mandates are subject to your approval being obtained at the forthcoming AGM.

## **4. FINANCIAL EFFECTS OF THE PROPOSED MANDATES**

The Proposed Mandates are expected to benefit PMRMB in terms of better profitability from savings on cheaper cost of product purchases arising from incremental freight savings and volume discount that the Related Party can continue to provide to PMRMB due to improved economies of scale on the size of its operation. The sale of petroleum products to PSTPL is expected to improve PMRMB’s profitability with PSTPL as an additional buyer of PMRMB’s export products.

The Proposed Mandates are expected to improve earnings in the long run but have no immediate material effect on the net assets and gearing of PMRMB. The Proposed Mandates are also not expected to have any effect on the share capital and substantial shareholders’ shareholdings in PMRMB.

## 5. AGM

Our AGM, the notice of which is set out in the Annual Report, will be held at the Mutiara Grand Ballroom, Royale Chulan Damansara, 2A, Jln PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on 15th June 2023 at 2:00 pm, for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Mandates.

If you are unable to attend and vote in person at the AGM, you are requested to duly complete and deposit the Proxy Form enclosed in the Annual Report, in accordance with the instructions herein. Please complete, sign, and return the Proxy Form enclosed in the Annual Report of the Company in accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Wednesday, 14<sup>th</sup> June, 2023 at 2:00p.m. The completion and deposit of the of the Proxy Form do not preclude you from attending and voting in person at the AGM should you subsequently wish to do so. If, however you do attend the AGM, your proxy shall be precluded from attending and voting at the AGM.

Please be informed that where all shares have been sold or transferred by the addressee, this Circular and any other relevant documents should be passed on to the purchaser or transferee or to the person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

## 6. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix for further information.

Should there be any doubt as to what action you should take, kindly consult appropriate independent Professional Advisers.

Yours sincerely,

For and on behalf of the Board of Directors

**PETRON MALAYSIA REFINING & MARKETING BHD**

**Y. Bhg Datuk Nik Mohd. Hasyudeen Yusoff**

Chairman, Board Audit & Risk Management Committee

Independent & Non-Executive Director

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**FURTHER INFORMATION**

**1.0 DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been reviewed and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable inquiries, to the best of their knowledge and belief, there are no other facts and information, the omission of which would make any statement herein misleading.

**2.0 MATERIAL CONTRACTS**

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company within the two (2) years immediately preceding the date of this Circular.

**3.0 MATERIAL LITIGATION**

The Company is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors have no knowledge of any litigation, claim or arbitration pending or threatened against the Company or of any fact likely to give rise to any litigation, claim or arbitration that might materially affect the position or business of the Company as a going concern.

**4.0 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of the Company during normal business hours for the period from the date hereof up to and including the date of the AGM:

- (i) the Constitution of the Company; and
- (ii) the audited financial statements of the Company for the last two (2) financial years ended December 31, 2021 and December 31, 2022.

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