

**SUMMARY OF PROCEEDINGS
65th ANNUAL GENERAL MEETING OF
PETRON MALAYSIA REFINING & MARKETING BHD
(13 June 2024)**

TIME AND PLACE

The 65th Annual General Meeting (“AGM” or “Meeting”) of **PETRON MALAYSIA REFINING & MARKETING BHD** (the “Company” or “PMRMB”) was held at the Ballroom, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia. The Meeting commenced at 2:00 pm.

ATTENDANCE

In attendance were the following Directors:

- Mr. Lubin B. Nepomuceno (Chief Executive Officer, Executive Director)
- Y. Bhg Datuk Nik Mohd. Hasyudeen Yusoff (Independent Director)
- Ms. Chua See Hua (Independent Director)
- Fong Seow Kee (Independent Director)
- Y. Bhg. Dato’ Noorizah Abd Hamid (Independent Director)
- Mr. Antonio Martin Cailao (Independent Director)
- Ms. Aurora T. Calderon (Executive Director)
- Ms. Jacqueline L. Ang (Executive Director)

Absent with apologies

- Mr. Ramon S. Ang (Chairman, Executive Director)

In attendance were the following Officers:

- Pn. Faridah Ali (General Manager)
- Mr. Mark Tristan D. Caparas (Chief Finance Officer)
- Mr. Manoj Devadasan (Company Secretary)

CHAIRMAN OF THE MEETING

The Company Secretary informed the shareholders that in the absence of Mr. Ramon S. Ang, the Board requested Mr. Lubin B. Nepomuceno, to Chair the AGM.

SHAREHOLDERS ATTENDANCE/ PROXIES / QUORUM

A total of 656 shareholders (including 225 shareholders via proxies) had registered to attend the AGM. There being a quorum in attendance, the Chairman of the AGM called the Meeting to order.

PRESENTATION BY MANAGEMENT

A management presentation was made by General Manager, Puan Faridah Ali

QUESTIONS FROM SHAREHOLDERS/PROXIES

Questions submitted in advance by shareholders were addressed first, followed by questions from the floor relating to the Company, its performance, operations and audited accounts. The Shareholders'/proxies' questions and Management's responses are as in Appendix 'A'.

RESOLUTIONS

The respective Resolutions below were approved and duly carried:

- Resolution 1** - THAT the payment of the final dividend of 23 sen per ordinary share for the year ended 31 December 2023, be and is hereby approved.
- Resolution 2** - THAT the re-election of Chairman Mr. Ramon S. Ang as the Chairman of the Company in accordance with 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 M. Cailao as a Director of the Company in accordance with Articles 103 and 104 of the Company's Constitution, be and is hereby approved.
- Resolution 4** - THAT the re-election of Independent Director Y. Bhg. Datuk Nik Mohd Hasyudeen Yusoff as a Director of the Company in accordance with Articles 103 and 104 of the Company's Constitution, be and is hereby approved.
- Resolution 5** - THAT the appointment as an Executive Director of Ms. Jacqueline L. Ang pursuant to Article 109 of the Company's Constitution, be and is hereby approved.

- Resolution 6** - THAT the payment of Directors' Fees and Benefits for the Independent Directors with effect from 1 January 2024 until the next Annual General Meeting of the Company, as follows:
- a) Annual Directors Fees of RM 112,320 to be paid to each Independent Director of the Company in 2024.
 - b) Attendance Allowance of RM 3,000 per Meeting for each Independent Director (who is the Chairperson of a committee);
 - c) Attendance Allowance of RM 2,500 per Meeting for each Independent Director (who is not a Chairperson of a Committee);
 - d) (up to) RM700 per month in fuel allowance to each Independent Director, on a reimbursement basis; and
 - e) An ex-gratia bonus payment of RM 20,000 for each Independent Director who served a full term in 2023, for services rendered to the Company, be and are hereby approved.
- Resolution 7** - THAT the appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2024, to hold office until the conclusion of the AGM in 2025 (with authorization to the Board of Directors to determine their remuneration), be and is hereby approved.
- Resolution 8** - THAT (as a Special Business) the renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature (and terms therein), as contained in the Circular to Shareholders dated 26 April, 2024, be and are hereby approved.
- (For voting on this resolution, major shareholder Petron Oil & Gas International Sdn Bhd abstained from voting due to its conflict of interest).*

Adjournment

The Chairman thanked the Shareholders present for their participation and support. There being no further business, the Annual General Meeting was adjourned at 3:35pm with a vote of thanks to the Chair.

APPENDIX A

Questions from Shareholders (65th Annual General Meeting – “AGM”)

- *List of questions:*
 - (a) *Received in advance and answered during the AGM*
 - (b) *Asked and responded during the AGM.*
- *Questions of a similar nature that have been grouped for ease of response.*
- *Some of the questions posed have been simplified for clarity.*
- *As mentioned at the AGM, Management will not be responding herein to questions relating to:*
 - (a) *Information relating to other companies (including our parent company or sister companies, such as Petron Fuel International Sdn Bhd)*
 - (b) *Seeking performance or profit forecast relating to Petron Malaysia Refining & Marketing Bhd.*
 - (c) *Seeking information that is business sensitive that needs to keep confidential.*
 - (d) *Information pertaining to agreements with vendors, the disclosure of which may violate confidentiality obligations.*

Advanced Questions

1. Can the Company consider issuing higher dividends?

- The proposed dividend was decided after carefully considering the Company's profitability, working capital and cash requirements, and our investment plans and commitments.
- We have been issuing a dividend of more than 20% of the net income in recent years. We continue to put provisions to support capital investment for our expansion while managing debts to mitigate risks on volatility of oil prices, foreign exchange and interest rates.

2. How is the Geopolitical situation affecting oil prices and the performance of the Company?

- Oil prices are affected by various factors, including global supply and demand and geopolitical situations, especially among oil-producing countries.
- It takes 2-4 months from purchase of crude oil to refinery processing, distribution, and selling as finished products.
- Hence, we are exposed to risks of oil price volatility as we sell products at market prices that may be significantly different from the purchase cost.
- That is why we have placed high importance on mitigating the impact of oil price volatilities through a robust risk management system.

3. Can the Company elaborate on how the Government's fuel targeted subsidy programme will impact the Company?

- The Government is leveraging on oil companies' fleet card programs to manage diesel subsidies for selected logistics vehicle types. Additionally, the Government also has another program to assist private diesel vehicle owners.

APPENDIX A

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- In line with this, Petron has implemented our subsidy card program where eligible companies can buy diesel at subsidized price as determined by the Government using our subsidy card.
- Diesel pump price has also been increased from RM 2.05 to RM 3.35 per litre.
- There should not be any significant impact to those eligible for targeted subsidy.
- For those not eligible, there may be a drop in demand as they adjust to higher pump prices.
- Working capital should also be lower due to reduced subsidy receivables from the Government resulting in lesser short-term borrowings.
- On the Mogas targeted subsidy program, we are still waiting for further instructions from the Government.

4. What are the Company's plans for Sustainability?

- It is important for us to understand that Petron provides energy and mobility requirements of the country with high-quality products that meet or exceed industry and international standards.
- We will continue to implement programs to manage our environmental footprint, especially our GHG emissions. Worth mentioning that:
 - Petron is the only oil and gas company in Malaysia to have invested in the production of renewable Palm Oil Methyl Ester (PME), which we have increased the capacity by 30%, (second PME plant to meet the increasing demand and in anticipation of the Government's B20 implementation).
 - Petron has the only refinery in the country with about ~400 acres of green lung that helps absorb our carbon emissions. We will further enhance our carbon sequestration capability by planting more trees and promoting biodiversity in our Port Dickson Refinery (PDR) green lung in collaboration with Universiti Putra Malaysia (UPM).

5. Does the Company intend to invest in EV chargers?

- We will continue to monitor developments in the industry and will invest when the need arises.
- Currently, less than 5% of the total car sales in 2023 are EV cars.
- Furthermore, the number of EV cars account for less than 0.1% of the total car population in the country.

Shareholders' Questions at the AGM

- 1. Due to the security PIN issue, I cannot use the Petron Miles (PMiles) Gift Card received from last year's AGM. Can anyone please assist?**
 - We apologize for the inconvenience caused. However, for security reason, we imposed the use of PIN.
 - You may call PMiles call centre at 1300 888812 or alternatively, you may share your Gift Card details for us to assist you.

- 2. Can I change the 12kg Petron Gasul cylinder to 14kg at the service stations?**
 - As per industry practice, cylinder exchange is allowed for the same size, like for like only. For example – 14kg for 14kg and 12kg for 12kg.

- 3. Last year, we added 23 service stations. May I know how much the cost of each service stations?**
 - Yes, the Group put up 23 service stations last year, but the cost varies from one station to another.
 - Generally, there are two types of service stations; Company-Owned-Dealer-Operated and Dealer-Owned-Dealer-Operated, and the investment or capex for Petron varies significantly between these types of service station.
 - In addition, the cost of service station also varies depending on the location, size and the facilities we put at each service station.

- 4. You have more than 770 service stations in your network. Are all these under PMRMB?**
 - We have more than 770 service stations in both Peninsular and East Malaysia under the Petron Malaysia Group. The Group composed of Petron Malaysia Refining & Marketing Bhd (PMRMB), including its sister companies Petron Fuel International Sdn Bhd (PFISB) and Petron Oil (M). Sdn. Bhd. (POMSB).

- 5. In the long term, what is the number of targeted service stations that you intend to expand in the Malaysian market?**
 - Retail expansion will remain our main strategic growth driver as the country develops.
 - Our investment is driven by economics. As the country's economy continues to grow, with the opening of new highways, new housing developments, etc., we will continue to grow and seize the opportunities.

- 6. Please explain the higher tax expense in 2023 compared to 2022.**
 - As mentioned in the Management presentation, we have utilized in 2022 the income tax incentive from our previous project, the Diesel Hydrotreater facility (DHT) at the Port Dickson Refinery.

APPENDIX A

Questions from Shareholders (65th Annual General Meeting – “AGM”)

- The Government allowed us to claim certain expenditures for the DHT as an income tax incentive, which we significantly utilized in our 2022 profit and loss statement.
- Hence, the absence of tax incentive utilized in 2023 resulted in an effective income tax rate of 26%, close to the 24% statutory tax rate in Malaysia.

7. In your cash flows, what are unrealized gain/loss on derivatives and unrealized foreign exchange gain?

- The recognition of unrealized gain/loss on derivatives and unrealized foreign exchange gain are part of the accounting standards requirement.
- We need to report the marked-to-market valuation of outstanding derivatives as at 31 December 2023 balance sheet reporting date based on the prevailing market prices.
- We are also required to recognize any unrealized foreign exchange differences for those Dollar-denominated transactions that remain outstanding or not yet realized as at 31 December 2023 balance sheet reporting date.
- However, these were non-cash transactions as we have not consummated the transactions yet as at the balance sheet reporting date. As such, they remained as unrealized gain/loss which were adjusted back in the statement of cash flows in our financial statements.

8. You have a huge retained earning but your payout per share is very small. What would the Company do to benefit the shareholder?

- We carefully monitor our retained earnings to sustain a healthy capital structure, loan level and the company’s operating requirements.
- We need to balance the level of external loan, liabilities and retained earnings in order to sustain a stable capital structure for the Company. We cannot unnecessarily reduce our retained earnings by declaring dividends more than we are capable of, then only for the Company to later resort to more costly borrowings.
- Rest assured, we have a criteria for declaring our dividend, and the welfare of our valued shareholders are always considered.

9. Can the Company consider issuing higher dividends?

- Already addressed on the Advance Question no. 1.

10. What is the 'Diesel Hydrotreater Facility' mentioned in the Chairman Statement?

- The Diesel Hydrotreater Facility (DHT) is the process equipment used in petroleum refining to reduce the sulphur level. The facility enables us to process higher sulphur crude oil with better refinery yield, making us less dependent on more expensive lighter crude and meeting Euro 5 standards on more stringent 10 ppm sulphur specifications for diesel products as mandated by the Government for a cleaner environment.

11. Does HengYuan and Petronas have a 'Diesel Hydrotreater Facility'?

- Yes, Hengyuan and Petronas refineries have their own Diesel Hydrotreaters.

12. Does 'Diesel Hydrotreater Facility' has a big competitive advantage? And if yes, how does it benefit the Company?

- The facility is necessary to meet the government mandated stringent Euro 5 Sulphur specifications of 10 ppm. With the new diesel hydrotreater unit, it will also allow PDR to source for more sour or high sulphur crudes as our feedstock, hence, we are more flexible or less dependent of the normal Tapis sweet crude to which the refinery was originally designed.
- As mentioned in our management presentation earlier, we are processing 95% of Malaysian crude in our crude mix. This equipment also allows us to consider higher sulphur levels of commercially available crude, which has allowed us to increase our production capacity by 10% in 2023.

13. You mentioned the 'Diesel Hydrotreater Facility' can refine higher sulphur levels of crude oil. Does it make PMRMB more profitable?

- It depends on how your processes can handle the type of high-sulphur crude. For PMRMB, it gives us more flexibility to select crude feedstock in meeting our demand forecast and utilize our refinery at a higher rate.

14. If so, why are you not treating the cheaper crude with higher sulphur content?

- Internally, we operate the refinery based on the most economical crude feedstock as well as available crude in the market.

15. What was your capital expenditure in 2023, and what have you invested in?

- In our Annual Report 2023, we had a capital expenditure of RM 80 million.
- We have continuously expanded our Retail station network and upgraded our Indoor and Outdoor Payment Terminals, enabling our customers to do cashless transactions and point redemption of loyalty points at the pump.
- The construction of our second PME plant is to ensure a reliable source of Palm Oil Methyl Ester and to promote the use of renewable energy for our biodiesel program. We are the only oil and gas player in the market that owns a PME plant.
- We have also installed solar panels, LED lights, and solar-powered lights to reduce our energy consumption at our facilities.

16. What is your capital expenditure in 2024?

- We do not disclose this information publicly as it consists of business sensitive information.

APPENDIX A

Questions from Shareholders (65th Annual General Meeting – “AGM”)

17. There are rumours that Shell is planning for retail business divestment. Have they lost confidence in this region, and would you buy any stations from them if it is true?

- It is our policy not to discuss the business activities of other companies.

18. What is the Company’s plan on acquiring other petroleum companies?

- Our current plan remains focused on developing the Company’s own business. This includes not only the expansion of our retail network but also enhancements in our terminals and refineries.
- At this moment, we will continue to build on and leverage on our own strengths.

19. When does my dividend get paid?

- The dividend will be paid out on 4 July 2024 to eligible shareholders.

20. When is the distribution of treasury shares?

- Currently, we do not hold any treasury shares.

21. What is PMRMB’s profit in 2023?

- Our gross profit grew by 6% to RM 564 million from higher sales volume and refinery production at the back of healthy regional refining margin.

22. Which segment was more profitable, and which segment was making losses?

- We do not disclose this information publicly because some information are confidential and business sensitive in nature.
- Please refer to our 2023 Annual Report for our financial performance.