

PETRONAS Chemicals Group Berhad 26th Annual General Meeting



**Annual General Meeting
Questions & Answers
24 April 2024**

Note: The questions and feedbacks have been edited for brevity and clarity.

Gifts

No.	Question
1.	Mr Chairman, please allow us to vote when the meeting starts and please give us a door gift as per last year.
2.	Hi, can I know what is the token for this AGM? Thank you.
3.	I am a long-time shareholder. I would like to request for RM100 SETEL e-voucher as a token of appreciation for attending this AGM.
4.	Any door gift?
5.	Is there any door gift for today AGM?
6.	Is the Company giving any door gift to shareholders attending this AGM?
7.	Reward participating shareholders to encourage support for pool voting.
8.	Any door gifts for shareholders?
9.	Is the company giving any door gift to shareholders attending this AGM?
10.	Thank you for the 2023 AGM door gift.
11.	Would be thankful if an increase in SETEL e-voucher to RM150 in this AGM for participants.
12.	Hope the Board of Directors will consider an increase in SETEL e-voucher to RM150 to attendees in this AGM.
13.	Is the company giving any door gift or e-voucher? Thank you.
14.	How about rewarding shareholders with RM150 SETEL e-vouchers?
15.	Any gift?
16.	The director fees is so high, please give more petrol voucher.
17.	What is the door gift?
18.	Any gift?
19.	Hi, how do we receive the SETEL voucher? Thank you.
20.	Please give us some door gifts/e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
21.	As a long-term customer and shareholder, I would like to request PETRONAS T-shirt for daily wear. It is because I love the company so much and I will wear it every day.
22.	Will there be any door gift for today AGM?
23.	Please give us some door gifts/e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
24.	What is the door gift this year?
25.	Please give us some e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
26.	What is the door gift for this AGM?
27.	What is the door gift for this AGM?
28.	Please share what is the door gift for this AGM. Thank you.
29.	Please give us some e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
30.	Any door gift for shareholders who attend AGM? Thank you.
31.	Any door gift?

Gifts

No.	Question
32.	Hi, Good Morning. I would like to ask whether PCG is providing any door gift to shareholders for today's AGM?
33.	Please give us some e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
34.	Kindly reward shareholders with e-wallet voucher. Thank you.
35.	Can increase the amount of door gift to RM150 as cost of living has increased? Thank you.
36.	Kindly provide RM200 SETEL voucher for shareholders. Thank you.
37.	Please give us some door gifts/e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
38.	Please reward shareholders with a door gift. Thank you.
39.	Any token of appreciation?
40.	Please give us some e-vouchers/e-wallet for attending this RPV as a token of appreciation. Thank you.
41.	Kindly provide e-wallet voucher to shareholders. Thank you.
42.	Kindly reward shareholders door gift as per last year. Thank you.
43.	Hi Board of Directors, shareholders attending this virtual AGM are expecting a door gift or e-voucher. Kindly reward them for their time and loyal support of the company. Thank you.
44.	Do we have a door gift?
45.	Any door gift?
46.	Good day. Kindly reward the shareholders with a valued door gift for their support to the company. Thank you.
47.	Door gift.
48.	Hello, do not forget to reward the shareholders. Thank you.
49.	Kindly consider distributing door gift to delight the shareholders.
50.	Any door gifts?
51.	Can I know what is the door gift for attended shareholder?
52.	Hi all members, anyone provides door gift this year?
53.	Thank you for door gift!
54.	When can we receive the door gift?
55.	Please give e-wallet or e-vouchers to those attend this meeting.
56.	Would the Board of Directors kindly give e- voucher as a token of appreciation for attending this RPV.
57.	Would Board of Directors kindly give RM100 SETEL e-voucher for who attended this virtual meeting. Thank you.

Answer to question number 1 to 57:

Shareholders participating in this virtual AGM will be given RM100 SETEL voucher as a door gift.

These vouchers can be used at all PETRONAS' retail stations to experience the new offerings in addition to fuel.

Recipients will receive details via email within 5 working days from the date of PCG's 26th AGM.

Performance & Outlook

No.	Question
58.	What was Perstorp's full year contribution to PCG's revenue and profitability in FY2023? What are the main reason(s) for the compressed margins for the Specialties segment in FY2023?
Answer:	
<p>Perstorp contributed approximately 18% and 3% to Group revenue and EBITDA respectively for FY2023.</p> <p>The decline in margins in 2023 was due to a combination of factors including weak market demand following decline in economic growth in Europe, resulting destocking activities as well as intense price competition from China.</p>	
No.	Question
59.	<p>The Group further drew down an additional RM226 million from its Revolving Credit facilities in FY2023 (Statements of Cash Flows - Page 20). The CFO's Review on page 21 stated that PCG's cash balances "stand at a formidable RM9.3 billion".</p> <p>i. Despite having such a "formidable cash balance", PCG chooses to draw down more borrowings for its operations thus incurring additional finance charges. Please provide the justifications for doing so.</p> <p>ii. In view of the higher financing cost, why isn't PCG utilising its "formidable cash balances" to pare down more of its total borrowings of RM2.973 billion?</p>
Answer:	
<p>The RCF borrowing is for short-term working capital purposes and it is of multi-currency to ensure efficiency of operational funding and natural hedging.</p> <p>A significant portion of the borrowing relates to Project Financing in line with key terms for the joint venture agreements.</p> <p>Our cash reserves are earmarked towards supporting growth initiatives and future investments.</p>	
No.	Question
60.	Which sector make profit and which segment making loss?
Answer:	
<p>The Profit After Tax posted by the group in FY2023 were contributed mainly by the Olefins & Derivatives and Fertiliser & Methanol segments.</p>	
No.	Question
61.	The share price is down. The dividend is down. When can we get back on track, please?
Answer:	
<p>We expect the external environment challenges will continue in 2024. The global economy uncertainties, persistent inflation and geopolitical risks may continue to affect the chemicals industry in the near term.</p> <p>PCG will continue to focus on Operational, Commercial and Growth Delivery Excellence to ensure our business sustainability and resilience to fulfil our commitment, and continue to drive towards value creation for all its stakeholders.</p>	

Performance & Outlook

No.	Question
62.	With the current price volatility, what is the next future plan for PCG to increase the revenue and profit? Are there any new mega projects that you intend to invest?
Answer:	
<p>The Group's Two-Pronged strategy outlines the plans to sustainably future proof the business. We are proactively pursuing various projects and initiatives as part of our Growth Delivery Excellence.</p> <p>In 2024, we are expecting commercial operation and ready for start-up for various growth projects including Specialty Ethoxylates & Polyether Polyols plant in Kertih, Terengganu, Nitrile Butadiene Latex plant in Pengerang, Johor, Melamine plant in Gurun, Kedah, 2-Ethylhexanoic Acid plant expansion in Gebeng, Pahang and Penta plant in Sayakha, India.</p>	
No.	Question
63.	News reported that China's petrochemical capacity is poised to see considerable growth, due to refinery switching to produce more petrochemical products than fuels. The local demand cannot absorb this capacity and will lead to export. Will this cause big threats to our company? What are PCG's competitive advantages if compared to Chinese players? Do PCG have cheaper feedstock costs?
Answer:	
<p>China's self-sufficiency policy is indeed causing overcapacity in the market. We expect China to continue its capacity build-up in 2024 until later this decade. While we may expect increased competition, there are selected chemicals and related products that China, as well as other countries in the region, will continue to demand.</p> <p>PCG's competitive advantage includes our fully integrated facilities with secure feedstock supply. We have a large and diversified portfolio with close proximity to growth markets that will enable us to continue to serve the Southeast Asian markets.</p>	
No.	Question
64.	What is your business outlook for 2024 and 2025?
Answer:	
<p>Looking ahead, we expect the headwinds presented by the external environment to prevail in 2024. The uncertain global economy, persistent inflation and geopolitical risks may continue to affect the chemicals industry in the near term.</p> <p>We remain cautious of the challenges ahead and we will be unrelenting in our efforts to ensure resilience. As we are in the business for the long run, we are confident that the cycle will turn upwards as the economy rebounds and demand catches up with supply.</p>	

Performance & Outlook

No.	Question
65.	Can the Board detail out if the FY23 results of the Swedish Company, i.e. one located at Malmo was in line with the expectations at the acquisition.
Answer:	
Perstorp contributed approximately 18% and 3% to Group revenue and EBITDA respectively for FY2023.	
Following Perstorp's acquisition, we understand the importance of delivering the acquisition expectations. We believe in Perstorp's long-term growth trajectory through value creation and strategic growth projects supported by the ongoing integration initiatives. These projects, coupled with Perstorp's strength to grow and capitalise market opportunities will position us to fulfill the acquisition expectation and unlock significant value for shareholders in the long run.	
No.	Question
66.	What are the potential risks and opportunities facing the company in the near future?
Answer:	
Near term risks include external challenges from uncertain economic growth outlook due to geopolitical tensions, and impact on inflation and interest rates as well as operational challenges in view of a heavy turnaround year.	
For near term opportunities, we are looking forward to the completion and start up of several growth projects, further development and integration of our specialties business, and advancing our sustainability initiatives.	
No.	Question
67.	The Group reported a "Payment of earn out for a subsidiary" amounted to RM231 million in FY2023 (Statement of Cash Flows - Page 20 of Financial Statements) i. What is the nature of this payment and why isn't similar payment seen in FY2022? ii. Will there be similar payment expected to be incurred in FY2024?
Answer:	
i. The earn-out programme is part of our post-acquisition strategy for the retention of key BRB management staff upon a 3-year period post-acquisition. ii. Payment of similar nature will be made subsequently in 2024, at a lower amount. To date, most of the key members in BRB management remains in the Company and the overall attrition rate is lower than the industry.	
No.	Question
68.	The commissioning of our petrochemical plants at the Pengerang Integrated Complex (PIC) is still ongoing (page 18) i. What is the total amount invested in Pengerang PetroChemical Plants? ii. Normally how long does it take for these plants to break even? iii. What are the expected additional depreciation charges when these plants commence operation?
Answer:	
i. The PIC project is financed from external project financing facilities as well as investment by the shareholders via equity and loans. ii. PIC is expected to provide material contribution to PCG's future earnings, upon Commercial Operation Date (COD) subject to market conditions and gradual ramp up of plant operating rates. iii. Upon COD, PIC will be depreciated over its estimated useful lives.	

Performance & Outlook

No.	Question
69.	Any solution from PIC (Pengerang Integrated Complex) to handle the poor margin spread of naphtha feedstock-ethylene derivative?
Answer:	
<p>Utilising liquid feedstock is a strategic decision to reduce our dependency on gas while allowing us to grow and provide us the opportunity to produce other products that are otherwise not available with gas-based plants.</p> <p>This includes feedstock such as butadiene for our new joint venture project to produce Nitrile Butadiene Latex (NBL) and raffinate for our Isononanol plant in Pengerang, Johor.</p> <p>Molecules made available from the naphtha cracker will allow us to produce high value derivatives and expand further downstream, whilst pursuing our specialty chemicals agenda. The fluctuation of margin between gas-based and naphtha-based products also provides us with earnings stability.</p>	
No.	Question
70.	What has been the integration issues with the newly acquired Swedish speciality business and how were they addressed and how will the remaining issues if any will be addressed?
Answer:	
<p>The post-merger integration programme has been initiated since the acquisition of Perstorp in 2022. This includes a phased approach in prioritising tasks for a smoother integration rollout.</p> <p>A change management team was set up to manage cultural differences, while a management committee tracks the remaining integration tasks, thus ensuring timely progress, completion and expected deliveries.</p>	
No.	Question
71.	What was the expected ROE on Perstorp and what has it delivered?
Answer:	
<p>The acquisition of Perstorp is expected to contribute positively to the future earnings of the Group and support our long-term strategies and objectives.</p> <p>Perstorp will also provide a platform to grow in downstream specialties, which provides better margin in the future.</p>	
No.	Question
72.	The Return on Equity for FY2023 is a paltry 4.0% vs 15.9% in FY2022 - Pg 37 of Integrated Report 2023. How does the Board view this and coming to near 4 months of FY2024, what has been achieved and what else need to be done?
Answer:	
<p>The Group is enhancing its Operational, Commercial and Growth Delivery Excellence initiatives to remain resilient against internal and external challenges.</p> <p>Our focus is to maintain optimum performance through maximising the value generated from our operations, managing product mix and delivering pricing excellence while capturing opportunities that present themselves over the short, medium and long term.</p>	

Business Strategies

No.	Question
73.	What are some of the steps taken to ensure the smooth running and continued profitability of the company in view of the challenging global uncertainties?
Answer:	
<p>The Group is enhancing its Operational, Commercial and Growth Delivery Excellence initiatives to remain resilient against internal and external challenges.</p> <p>Our focus is to maintain optimum performance through maximising the value generated from our operations, managing product mix and delivering pricing excellence, while capturing opportunities that present themselves over the short, medium and long term.</p>	
No.	Question
74.	Is the company involved in petrol and gas business?
Answer:	
<p>PCG is involved in the manufacturing, marketing and selling of a diversified range of chemical products.</p> <p>We use feedstock from both petroleum and gas value-chains.</p>	
No.	Question
75.	Referring to news on PCG to build Asia's Largest advanced chemical recycling plant with a capacity of 33 kilo tons per annum: <ol style="list-style-type: none"> i. Are these ESG projects profitable? ii. What is the expected investment on this, and what is the expected ROI?
Answer:	
<p>We conducted a rigorous feasibility study and concluded the return on investment of an advanced chemical recycling to be attractive, thus leading to our decision to invest. This investment is a significant step forward in our circular economy agenda with the expansion our polymer product portfolio and meeting the rising demands of our customers.</p>	
No.	Question
76.	News reported that USD 1 billion new ammonia plant will be built in Sabah, and an Ammonia-based plant will be built in Sarawak. <ol style="list-style-type: none"> i. Are PCG involved in these projects? ii. If so, what are the expected investments in these projects? iii. What is the expected ROI on these projects?
Answer:	
<p>PCG has signed a Memorandum of Understanding (MoU) with Sarawak Petchem Sdn Bhd to conduct a joint feasibility study to develop a Low-Carbon ammonia and urea plant in Bintulu, Sarawak on 21 Feb 2024. This feasibility study will include, among others, economic viability and market study including demand dynamics.</p> <p>As with any other investments, we shall proceed with the necessary studies and investment decisions upon conclusion of the attractiveness of the opportunity. We will make the necessary announcements accordingly.</p>	

Business Strategies

No.	Question
77.	Lotte Chemical Titan Holding Berhad is for sale, do the company planning to buy the business. Please update on the matter.
Answer:	
<p>As part of our Two-Pronged strategy, we continuously assess various opportunities for growth, including potential acquisitions.</p> <p>PCG will consider moving forward with an acquisition opportunity if it aligns with our strategic objective and presents a favourable business proposition.</p>	
No.	Question
78.	Will PCG venture into semiconductor precursor materials since Malaysia is becoming more and more important in global semiconductor supply chain?
Answer:	
<p>Our products and solutions from the current focused business portfolio, for example coatings and engineered fluids, are used in the semiconductor industry.</p>	
No.	Question
79.	Assalamualaikum dan Salam Aidilfitri, Tahun 2023 PCG ada menghasilkan 2 produk berasakan graphene. Ada apa-apa kemajuan/berita mengenai produk tersebut?
Answer:	
<p>Walaikumsalam. Buat masa ini, PCG tidak terlibat dalam penghasilan graphene.</p> <p>PCG is currently not involved in the production or commercialisation of graphene-based products.</p>	
No.	Question
80.	By 2030, Saudi is aiming to triple their production in chemical chain products, how the Group will navigate to secure the market share?
Answer:	
<p>We note the increase in competition within the chemicals space. PCG continues to focus on delivering Operational, Commercial and Growth Delivery Excellence to remain resilient against these challenges.</p> <p>Our focus is to maintain optimum performance through maximising the value generated from our operations, managing product mix and delivering pricing excellence to our customers, while capturing opportunities that present themselves over the short, medium and long term.</p>	
No.	Question
81.	How is the traction of partnership with Sapporo Breweries to distribute Sapporo premium beer in 2024 so far?
Answer:	
<p>We have no dealings with Sapporo Breweries.</p>	
No.	Question
82.	Any plan from O&D department to increase exposure at India region?
Answer:	
<p>Our home market for O&D products is Southeast Asia, which gives us the best value. Sales to India are mainly on opportunistic basis.</p>	

Dividend

No.	Question
83.	When to pay dividend?
Answer:	
For 2023, our dividend was paid twice; the first interim dividend was paid on 21 September 2023 followed by the second interim dividend on 27 March 2024.	
No.	Question
84.	How does the dividend forecast align with the company's long-term growth strategy and financial performance?
85.	What factors are being considered in determining the dividend forecast for this year?
Answer:	
PCG's dividend is based on Dividend Policy where the payout ratio is around 50% of Group PATANCI (Profit After Tax and Non-Controlling Interests).	
In deciding the dividend payment, the Board and Management takes into account the Company's earnings, working capital and capital growth requirements as well as other factors to ensure prudent cash management.	
No.	Question
86.	Request for higher dividends.
Answer:	
The consideration for dividend payment will be guided by PCG's Dividend Policy, where the payout ratio is around 50% of Group PATANCI.	
No.	Question
87.	May I know if the dividend distributed by PCG was considered after zakat (wealth and income).
Answer:	
Dividend distribution does not take into consideration zakat deductions.	
No.	Question
88.	The Statements of Cash Flows under the Cash Flows from Financing Activities disclosed that RM1,236 million and RM684 million were paid to PETRONAS and Others (third parties). However, the further explanation indicated on Note 25 only showed dividends paid to shareholders of PCG but not PETRONAS and Other third parties. Please explain.
Answer:	
In the Statement of Cash Flows, we detailed out recipients of the dividends, whereas in Note 25, it provides the total dividend payment broken down into the first and second interim dividend payments.	

Shares

No.	Question
89.	Any plan to issue free warrant under current low share price of PCG?
Answer:	
At this juncture, there is no plan for such corporate exercise.	
No.	Question
90.	Any bonus issues to be declared?
Answer:	
Currently, PCG has no plans to implement bonus share and we will continue to pay dividends according to our existing dividend policy.	

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Sustainability

No.	Question
91.	How will the Company be impacted from the removal of Government subsidies? The RSP (retail selling price) good will increase too?
Answer:	
<p>For PCG, the reduction in government subsidies for fuel will likely result in an increase in land transportation costs and hence our overall operational cost.</p> <p>We will continue to create value through operational efficiencies and various cost saving initiatives including contract optimisation.</p>	
No.	Question
92.	What steps is PCG taking to comply with European's ESG requirement in order to export to EU markets?
Answer:	
<p>To prepare ourselves for carbon-tax related requirements for export to EU markets, we have assessed the potential financial impact based on the estimated carbon footprint of our products.</p> <p>We have embedded carbon abatement programmes for all our growth projects and undertaken emissions reduction efforts for existing facilities. We have also established internal carbon pricing to guide investment decision and decarbonisation efforts.</p>	

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Foreign Exchange Management

No.	Question
93.	What is PCG's policy with regards to hedging against the fluctuation of MYR, i.e. via operations and debt which affects the PAT?
Answer:	
<p>PCG Group has a natural hedge as most of its revenue and expenses are denominated in USD.</p> <p>We will hedge using forward exchange contract in respect of current and forecast transactions.</p> <p>We have in place a Foreign Exchange Management Guideline, which covers the Foreign Exchange Management process and considerations required to prudently manage and mitigate exposures to Foreign Exchange risk.</p>	
No.	Question
94.	Is the weaker MYR translate to bigger foreign exchange gain to PCG?
Answer:	
Yes, the weaker MYR resulted in higher foreign exchange gain for PCG.	
No.	Question
95.	How does the Group manage its foreign exchange risk?
Answer:	
PCG has in place a Foreign Exchange Management Guideline, which covers the Foreign Exchange Management process and considerations required to manage and mitigate exposures to Foreign Exchange risk.	

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Stakeholders

No.	Question
96.	Thank you for the good results and performance. Kindly enroll me for the plant site visit. Thank you.
97.	Dear Chairman, can we go for plant visit?
98.	How do I get the QR code to register for site visit?
99.	I don't know how to apply for plant visit. Please show me the link.
100.	Hi Board of Directors. Please register me for the plant site visit or let me know how to register to my email or Phone number.
101.	Please include me in your plant visit.
102.	Is the factory visit still open to shareholders? I wrote in last year but there was no reply from your end.
Answer:	
For plant visit enrolment, a QR code (for registration of interest) has been provided prior to the start of this AGM. The same will be provided at the end of the AGM.	
No.	Question
103.	For the site visit, how many people will be selected?
Answer:	
Up to 30 shareholders are usually selected per visit to ensure compliance to health, security, safety and environmental requirements.	
No.	Question
104.	Where is the venue for the plant visit?
Answer:	
The location of the plant visit has not been decided yet. The information will be provided once known.	

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Board of Directors

No.	Question
105.	Do we need to have eight (8) board members? There are some public listed company who only had six (6) board members. I hope the Company is not used as a political tool's reward service. Performance of the Company deteriorates and cash/costs reservation should take into consideration.
Answer:	
<p>The Company remains committed in ensuring its Board composition is appropriate to achieve its goals and objectives.</p> <p>In comparison to other public listed companies with similar market capitalisation, the current numbers of Directors are appropriate and sufficient, taking into consideration the Group's future strategic growth plans.</p> <p>The current Board members possess the relevant diverse experiences and skills as per the required skills matrix, in accordance with per the Board Succession Planning Framework.</p>	

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Auditors

No.	Question
106.	The non-audit service fees paid to other auditors and their affiliates increased substantially to RM15.908 million in FY2023 (FY2022: RM11.235 million). Please provide details for the increase in the non-audit fees for 2023.
Answer:	
<p>For 2023, the increase in non-audit fees was mainly due to tax services of our overseas subsidiaries as well as review of purchase price allocation for our acquisition of Perstorp Group.</p> <p>You may refer to page 115 of our Integrated Report for details.</p>	
No.	Question
107.	What is PCG's policy in retention of auditor. How long has KPMG been the auditor and when (if any) would they be replaced.
Answer:	
<p>PCG has in place procedures and guidelines on selection, appointment and re-appointment of external auditors, which are being strictly adhered to.</p> <p>KPMG has been PCG's auditor since 2010. Future appointment shall be in line with the said procedures and guidelines.</p>	
No.	Question
108.	<p>Page 74 – Financial Statements – Note 21 - Operating Profit</p> <p>There is a RM15,908 (in RM Mil), seemingly RM15 billion (unless its an error) was incurred as Non Audit Service Fees - Other Auditors & Their Affiliates.</p> <p>What are these Non Audit Services Fee?</p> <p>Is it RM15.9 million or RM15.9 billion?</p>
Answer:	
<p>As per the PCG Financial Report 2023, page 74, the breakdown of the auditor's remuneration was stated in RM'000.</p> <p>The total non-audit fees quoted for Other Auditors is RM15.9 million, comprising mainly tax services for overseas subsidiaries as well as review of purchase price allocation for our acquisition of Perstorp Group.</p>	

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Human Resource

No.	Question
109.	Is there any plan for PCGB to implement a progressive salary scheme for its staff or fresh hires?
Answer:	
We have implemented a competitive salary scheme, in line with industry benchmark based on performance, competency, and progression of our staff.	
No.	Question
110.	How has the Group practiced Diversity, Equity, and Inclusivity especially of Malaysian population mosaic in its employee numbers?
Answer:	
PCG adopted PETRONAS D&I framework that focuses on the four key areas of Gender, Multinational, Age and Culture to provide foundation for a more diverse and inclusive environment.	
Our focus for 2024 is to strengthen our D&I culture through a carefully crafted series of activities. This includes ensuring D&I are implemented in practices and aligned with D&I goals and values across all organisational levels, from leadership to employees.	
No.	Question
111.	Would the staffs of PCG be awarded ESOS in addition to their remuneration?
Answer:	
We currently have no plans to award ESOS to our employees. We ensure that our employees are compensated in line with industry standards to attract and retain our talent.	
We regularly review the workforce market to ensure that our compensation packages remain competitive.	

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No.	Question
112.	Money spend on physical meeting will stay in our country, but money spend on virtual will go to others that will weaken our Ringgit and attack our economy.
Answer:	
PCG's 26th AGM was conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities provided by Boardroom Share Registrars Sdn. Bhd., which is based in Malaysia.	
No.	Question
113.	Request to attend AGM in person.
114.	When is the company going to hold AGM where shareholders can physically present?
115.	When will PCG revert to physical AGM meeting?
116.	Do company think to coding the meeting by face to face?
117.	Is the Board considering conducting physical or hybrid shareholders' meeting for next year?
118.	Kindly request PCG to consider organizing a physical Annual General Meeting (AGM) in future as there is no more COVID-19 restrictions allow. This will encourage shareholder engagement and participation in a safe environment.
119.	Hi Board of Directors. Please revert to physical AGM or rather Hybrid AGM so as not to misinterpret that the Board of Directors are hiding behind the veil. Thank you.
120.	Will the company hold a physical AGM in the near future. If yes, when will it be?
Answer:	
Currently, PCG is conducting its AGM virtually, which encourages the use of technology to facilitate voting and allow remote shareholders' participation, in line with Practice 13.3 of Malaysian Code on Corporate Governance.	
With virtual AGM, PCG has seen an increase in shareholders' participation by 45% compared to the last physical AGM conducted in 2019 (2024: 2,914 vs 2019: 2,006).	
No.	Question
121.	Whether the recording of AGM is available to viewing after the AGM?
Answer:	
This AGM is a closed-door event for our shareholders. We will not be making the recording publicly available.	
No.	Question
122.	We experienced inconvenience in registering as proxy. A form was required to be filled n forwarded to Registrar. Can it be simplified by making all these seamless and all that would be needed would be the proxy's contact details and email address digitally.
Answer:	
Dear Madam, we take note of your comment. Thank you.	

No.	Question
123.	How to vote?
124.	Can somebody help.
Answer:	
Vote will open at the commencement of the meeting.	
No.	Question
125.	Live stream buffering but can vote.
Answer:	
Dear Sir, thank you for the update, we will monitor the live streaming.	
No.	Question
126.	What happened?
Answer:	
Dear Sir, may we know your problem so that we could assist you on your request.	
No.	Question
127.	Dear Sir, [Shareholder A] have not received Lumi Password. But [2nd proxy] gotten Lumi Password already. Please resend Lumi Password to [Shareholder A]. Thanks.
Answer:	
Dear Sir/Madam, the meeting credential had been emailed and [Shareholder A] had joined the meeting.	
No.	Question
128.	I can't see my number of shares during voting. Kindly advise where to check?
Answer:	
In the left-hand menu, beside the meeting ID "811-203-292", you will find the three line button.	
No.	Question
129.	Technical matter: Unable to view the Broadcast. Message on the Broadcast is - This is private.
Answer:	
Dear Sir, our team will contact you to assist.	

AGM

No.	Question
130.	How much does the company spend on this virtual AGM?
131.	Good morning, Chairman. What is cost for this RPV meeting?
132.	Hi all, how much does the company spend on this virtual meeting?
133.	How much savings been obtained by holding AGM's online?
Answer:	
<p>The cost of a virtual AGM is significantly less than a physical AGM, as virtual AGM does not involve additional cost of venue, meals and other logistics arrangement.</p> <p>In addition, with virtual AGM, PCG has seen an increase in shareholders' participation by 45% compared to the last physical AGM conducted in 2019 (2024: 2,914 vs 2019: 2,006).</p>	
No.	Question
134.	We experienced inconvenience in registering as proxy. A form was required to be filled and forwarded to Registrar. Can it be simplified by making all these seamless and all that would be needed would be the proxy's contact details and email address digitally?
Answer:	
<p>A proxy form is required for shareholders to appoint proxy and the said form format must be completed by the shareholder in order to appoint a proxy in Boardroom Smart Investor Portal ("BSIP").</p> <p>Shareholders need to submit the proxy form as an indication that they are not able to attend the meeting and his/her proxy will be attending and voting on their behalf at the meeting.</p>	
No.	Question
135.	Please send me hardcopy annual report. Thank you.
136.	Morning, Board of Directors. Please send a copy of annual report to me.
137.	I would like to request a printed hard copy of the company annual report.
Answer:	
<p>The annual report was posted on 26 April 2024 to the address in the Record of Depositor as at 18 April 2024.</p>	

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Others

No.	Question
138.	Is there any plan for PCGB to leverage contracts for Bumiputera contractors?
Answer:	
<p>PCG supports the participation of Bumiputera businesses in contributing to the robustness and competitiveness of the overall oil and gas ecosystem.</p> <p>Our efforts not only to provide relevant support services to the industry but also the development, training and opportunities for the Bumiputera companies to participate and grow with the Company, subject to competitiveness and competencies.</p>	
No.	Question
139.	Our hotel and restaurant got plenty of waste food, convert them into fertiliser, no need to use shareholders fund to import fertiliser.
Answer:	
<p>As part of serving our customer in urea business, we do supply imported fertiliser, subject to positive netback on opportunistic basis.</p>	
No.	Question
140.	What is the workforce on Risk Management Department of PCG and what is their competencies?
Answer:	
<p>The team comprises personnel of diverse backgrounds. They are guided by Malaysian Code of Corporate Governance (MCCG) practices and PETRONAS Risk Capability Framework, where they are assessed on their competency regularly.</p> <p>In addition, our staff are also certified in Risk Management i.e. ERM (Institute of Enterprise Risk Practitioners) and BCM (Disaster Recovery Institute International).</p>	

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Pre-AGM Questions

No.	Question
1.	I want to get the free door gift.
2.	Is the company giving any door gift to shareholders attending this AGM?
3.	Please reconsider to increase door gift to RM150-RM200 as only rice drop by RM3. The others increased especially car parts and engine oil, SST etc.
4.	希望给礼物股东会不分大小，就算是最小的一股也应该公平的给 (Translation: It is hoped that shareholders will give gifts regardless of the size. Even the smallest share should be given fairly.)
5.	Please give us some e-vouchers/e-wallet for attending this RPV as a token of appreciation.
6.	Please give us some door gifts/e vouchers/e wallet for attending this RPV as a token of appreciation.
7.	Please give us some door gifts/e vouchers/e wallet for attending this RPV as a token of appreciation.
8.	Please give us some door gifts/e vouchers/e wallet for attending this RPV as a token of appreciation.
9.	Please give us some door gifts/e vouchers/e wallet for attending this RPV as a token of appreciation.
Answer to question number 1 to 9:	
<p>Shareholders participating in this virtual AGM will be given RM100 SETEL voucher as a door gift.</p> <p>These vouchers can be used at all PETRONAS' retail stations to experience the new offerings in addition to fuel.</p> <p>Recipients will receive details via email within 5 working days from the date of PCG's 26th AGM.</p>	

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Pre-AGM Questions

No.	Question
10.	Why the share price is so weak?
Answer:	
<p>PCG's share price movement takes into consideration several factors including, but not limited to:</p> <ul style="list-style-type: none"> i. macroeconomic outlook; ii. global chemicals supply and demand situation; iii. movement of crude oil and energy prices; and iv. the Company's expected operational and financial performance. <p>The above factors also contributed to the Company's lower performance in FY2023.</p> <p>The share price currently reflects fair market value derived from the expectations of the Company's performance as well as outlook of the industry.</p>	
No.	Question
11.	How big is PCG's fertiliser business in Asia and globally?
Answer:	
<p>Our Ammonia and Urea production covers around 15% of total Southeast Asia capacity, making PCG the 2nd largest producer and exporter in the region.</p>	
No.	Question
12.	Can the management provide more insights into the financial performance of the company, especially in light of the recent global economic conditions?
Answer:	
<p>In FY2023, Profit After Tax dropped by RM4.5 billion or 71% at RM1.8 billion as compared to FY2022 mainly due to lower product spreads as well as several internal and external challenges that prompted unplanned shutdowns and disruptions at our plants.</p> <p>We expect 2024 to be challenging as well, but we are committed to strengthening our operational performance and commercial excellence.</p> <p>As we are in the business for the long run, we are confident that the cycle will turn upwards as the economy rebounds and demand catches up with supply.</p>	

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Pre-AGM Questions

No.	Question
13.	What are the company's strategic plans for 2024? Are there any major projects or initiatives that shareholders should be aware of?
Answer:	
<p>In 2024, we are expecting Commercial Operation and ready for start-up for the petrochemical facilities at the PIC, Specialty Ethoxylates & Polyether Polyols plant in Kertih, Terengganu, Nitrile Butadiene Latex plant in Pengerang, Johor, Melamine plant in Gurun, Kedah, 2-Ethylhexanoic Acid plant expansion in Gebeng, Kuantan and Penta plant in Sayakha, India.</p> <p>In addition, we anticipate good progress on projects approved in 2023 namely Maleic Anhydride plant in Gebeng and advanced chemical recycling plant in Pengerang.</p> <p>In future-proofing the business against market volatility, we are proactively pursuing various projects and initiatives as part of our Growth Delivery Excellence. When these projects and initiatives reach their respective Final Investment Decision stage and approval by our Board, we will make the appropriate announcements.</p>	
No.	Question
14.	Is the current management team capable of taking the group to greater heights?
Answer:	
<p>PCG's current management team consists of industry professionals with diverse range of skills and experiences as well as the strategic mindset to move the Company towards long term sustainability and value creation to stakeholders.</p>	
No.	Question
15.	What was the Company's actions plan of world-wide fear of war in Israel? What could company do to sustain all investors?
Answer:	
<p>The constant uncertainty in global geopolitics poses significant challenges to our business. This uncertainty manifests through factors such as commodity price volatility, alterations in energy prices and trade flows, softened demand for petrochemical products, and a surge in business costs.</p> <p>PCG rigorously monitors macroeconomic indicators and utilises our Risk International Database to provide updates and business landscapes in countries where we operate.</p> <p>We also continue to focus on Operational, Commercial and Growth Delivery Excellence to ensure long term sustainability and resilience to fulfil our commitment and drive towards value creation for all its stakeholders.</p>	

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Pre-AGM Questions

No.	Question
16.	Will the current middle east tensions between Iran and Israel, impact petrochemical products pricing and in turn provide a positive impact to PCG?
Answer:	
<p>Geopolitical tensions, in general, have the potential to cause disruptions in supply chains which may lead to temporary increase in price volatility of affected goods and services.</p> <p>Crisis in the Middle East typically affect global oil and gas markets which may lead to higher petrochemicals prices and may not bode well for sustainable operations due to the resultant cost inflation.</p>	
No.	Question
17.	i. Could the board provide more clarity on the company's dividend policy? ii. How does the company plan to balance between reinvesting profits and providing returns to shareholders?
18.	Please publish the dividend more generously
19.	i. Why such a low dividend payout? ii. How long do you intend to pay such a low dividend?
Answer:	
<p>PCG's dividend payment is guided by its Dividend Policy where the payout ratio is around 50% of Group PATANCI (Profit After Tax and Non-Controlling Interests).</p> <p>In deciding the dividend payment, the PCG Board and Management take into account the Company's earnings, working capital requirements, capital growth requirements and other factors to ensure prudent cash management.</p> <p>For FY2023, PCG's dividend payout ratio was 61%.</p>	
No.	Question
20.	Please register me for plant visit if there is one upcoming one?
21.	Any company visits? Please register me for the plant visit.
Answer:	
<p>Yes, similar to previous years, we will invite our shareholders to join the plant visits.</p> <p>Our proposed site visits will be scheduled in the second half of 2024.</p> <p>A QR code (for registration of interest) has been provided prior to the start of this AGM. The same will be provided at the end of the AGM.</p>	

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Pre-AGM Questions

No.	Question
22.	How is the company addressing sustainability in its operations and future plans? What measures are being taken to reduce the environmental impact?
Answer:	
<p>Sustainability is ingrained in our strategy, allocation of resources, operational performance and future plans.</p> <p>We remain committed to environmental stewardship and resources efficiency to reduce environmental impact of our business through our decarbonisation measures, efficient consumption of resources and conservation of biodiversity.</p>	
No.	Question
23.	How is the company managing risks, especially those related to the global pandemic and economic uncertainty?
Answer:	
<p>PCG has demonstrated resilience in managing its People, Assets and Business effectively from the recent global pandemic. Best practices and lessons learnt from this experience have been incorporated into our work procedures to bolster preparedness for future global health crises.</p> <p>In managing economic uncertainties, PCG continuously monitors economic signposts such as the Gross Domestic Product, Consumer Price Index, Purchasing Managers Index, feedstock and product prices as well as the supply demand dynamics. Additionally, our employees and customers in countries where we operate also provide us with valuable market and local insights.</p>	
No.	Question
24.	Can the Board share about the steps taken to strengthen corporate governance within the company?
Answer:	
<p>PCG has in place internal policies and processes, amongst others, the Anti-Bribery and Corruption Policy and Guidelines, Code of Conduct and Business Ethics and Whistleblowing Policy to strengthen corporate governance within the Company. These policies, guidelines and procedures are reviewed from time to time to ensure they remain relevant and comply with the regulatory compliances.</p> <p>Furthermore, the Board Charter and Board Committees' Terms of Reference (TOR) are also reviewed and updated periodically. Setting the tone from the top, the Directors have attended various trainings on governance as disclosed in Pages 96-99 of the Corporate Governance Statement Overview in the Integrated Report 2023.</p> <p>PCG has also conducted a series of integrity programmes for its workforce as well as implementing mandatory assets declaration by all of our employees.</p>	

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Pre-AGM Questions

No.	Question
25.	Why was KPMG PLT chosen as auditors and what was the process behind this selection?
Answer:	
<p>KPMG PLT is one of global-renowned and top-tier assurance service providers with an extensive global network. They have vast experience within the oil and gas as well as chemicals industries.</p> <p>PCG has in place procedures and guidelines on selection, appointment and re-appointment of external auditors, which are being strictly adhered to.</p>	
No.	Question
26.	Request hardcopy of Integrated Report.
Answer:	
<p>The Company's share registrar (Boardroom) has couriered the Integrated Report 2023 (together with the Financial Report and Sustainability Report) to you on 27 March 2024. Please inform us if you have not received them.</p> <p>Shareholders may request for hardcopy of our Integrated Report at https://investor.boardroomlimited.com by selecting "Request for Annual Report" under the "Investor Services".</p>	

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