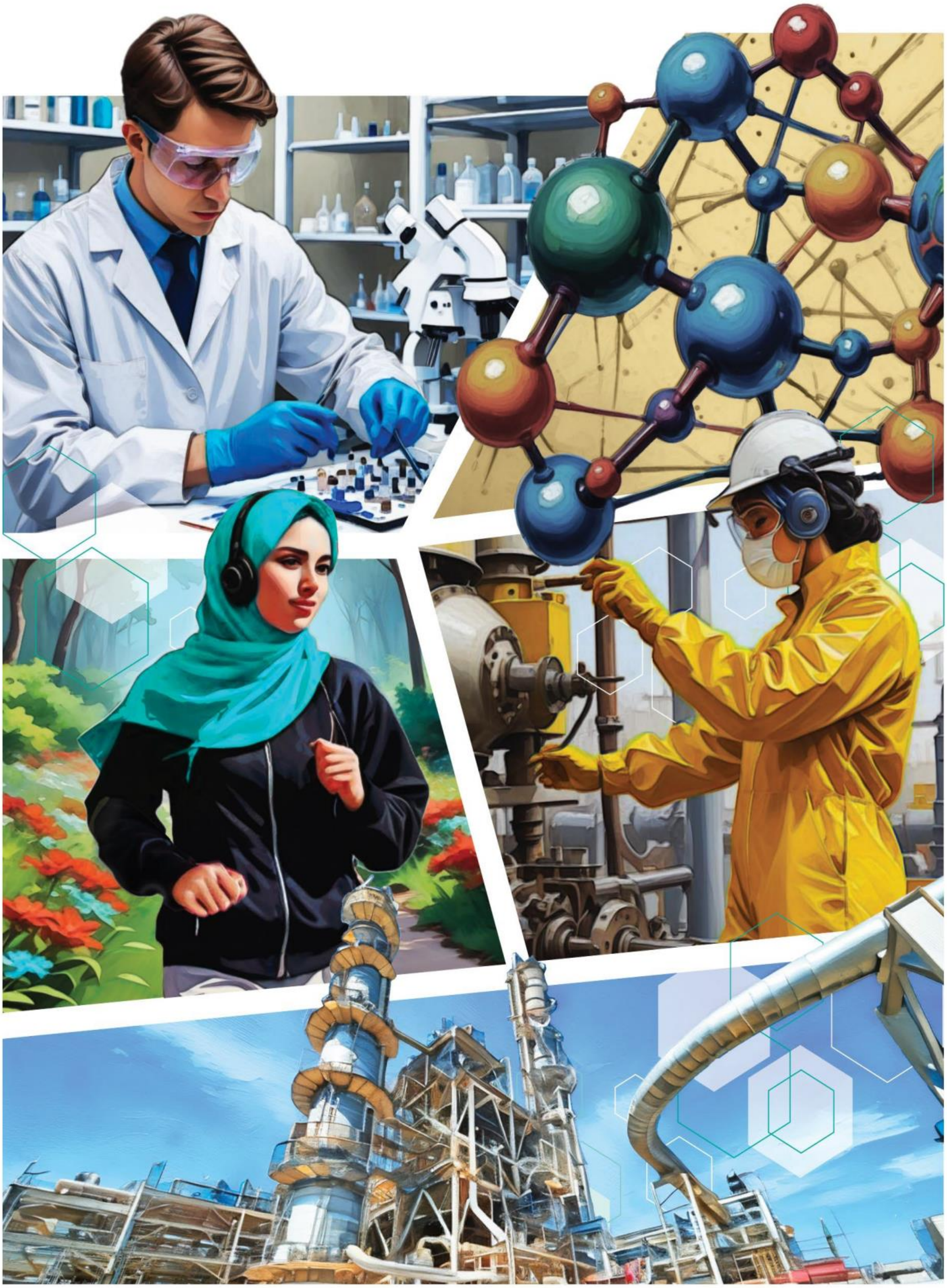
PETRONAS Chemicals Group Berhad
27th Annual General Meeting



Unanswered Live Question

No.	Question
1.	On the HSE management system, I notice that you are 54% Certified on ISO 45001, what is the plan to get it to 100% because as the CEO mentioned rightly so you have system and processes, culture is important but the foundation is the management system. So, what is the plan to get to 100% certification on the ISO 45001?
Answer:	
PCG facilities worldwide adopt PETRONAS HSE Management System (HSEMS) and Responsible Care (RC) Management System to foster a strong HSE culture and achieve high standards of HSE performance. These management systems are designed to develop, implement, maintain, and continuously improve our HSE practices. In addition, majority of our facilities undertook ISO certification, which is an international standard and serves as a framework for organisations to manage the risks and improve their performance. The certification is voluntary and not a legal requirement. Currently, 87% of PCG manufacturing facilities in Malaysia are certified with ISO 45001:2018 Occupational Health and Safety Management System (OH&SMS). The remaining facilities are expected to be certified by 2029.	

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Pre-AGM Questions from PNB

No.	Question
1.	To disclose the Total Shareholders' Returns (TSR) of PCG for the past 1,3 and 5 years up to the end of the financial year ended 2024. What would the Board attribute the performance to.

Answer:

The Total Shareholder Return (TSR) of PCG for the last 1, 3 and 5 years are -25.6%, -31.1% and -11.4% respectively. The decline in TSR reflects the decline in profitability and movement in share price faced by PCG due to several external and internal factors.

External factors include global economic uncertainties and increased volatility in energy and product prices, arising from global events such as COVID-19 pandemic, geopolitical tensions, wars and supply chain disruptions. These culminated into slowing demand and thinning spreads following lower product prices. Between 2020 and 2024, over 100 million metric tonnes of new petrochemical production plants were constructed globally, approximately 70% of which are in China. Amid slowing consumer demand, the increased capacity resulted in a demand-supply imbalance in the market.

Internally, the Group's plant utilisation rates were relatively stable despite operational challenges such as equipment issues, feedstock and utilities supply disruptions in addition to meeting statutory plant turnaround schedules. The Group's growth plans faced setbacks due to the delay in Pengerang Integrated Complex as well as the economic downturn in Europe which negatively affected our subsidiary, Perstorp, which was acquired in late 2022.

No.	Question
2.	The Board's views on what are the one or two key critical drivers of TSR for the Company. Would this be return on equity, EPS growth or any other metric? If so, what was the performance of these metrics for the past 1, 3 and 5 years?

Answer:

The Board recognises that PCG's shareholders are attracted to the Group's high operational performance, value creation and strong financial position. In addition to several operational metrics, the Return on Average Capital Employed (ROACE) and Return on Equity (ROE) are internally used to monitor the Group's performance.

The ROACE and ROE for PCG for the last 1, 3 and 5 years are as follows:

Items	1 year	3 years	5 years
ROACE (%)	3.9	11.3	14.4
ROE (%)	2.9	7.6	7.0

The decline of the above metrics is mainly due to adverse market conditions leading to fluctuations in product prices and margin compression amid inflationary cost pressures negatively impacting the Group's profitability.

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No.	Question
3.	What are the strategic initiatives that are being put in place by the Company to improve these key drivers and enhance TSR for the next three years?

Answer:

The Company's primary focus is on maintaining resilience and improving ROACE and ROE through the following:

(i) Continued focus on operational excellence by improving efficiency across our production facilities to enhance productivity and products yield;
(ii) We are leveraging on our proximity to key markets and long-standing relationship with customers to grow our sales volume even in an oversupplied market. We address our customers pain-points and meet their evolving needs to further enhance value creation;
(iii) We maintain strong financial discipline through cost optimisation and prudent capital expenditures.

Whilst we strengthen our existing business, we are also diligently assessing opportunities for future capacity expansion as well as high-return growth projects to future-proof our portfolio. We are diversifying our products range by growing our specialty chemicals segment to deliver niche, high-performance products tailored to meet diverse customer needs.

No.	Question
4.	We have in the past recommended our views for the Board to reevaluate the Company's 50% dividend payout policy and for the Board to instead take a proactive approach towards capital structure optimisation and cash distribution. Our recommendations were based on the Company's high cash balance, steady generation capacity and manageable gearing level despite fluctuation in profitability. Please explain the Board's view on this matter.

Answer:

At present, there is no plan to revise our current dividend policy.

The consideration for future dividend payment will still be guided by PCG's Dividend Policy with a payout ratio of around 50% of Group PATANCI.

Nevertheless, PCG will continuously evaluate its ability to pay higher dividends depending on the company's performance, working capital and cash requirements for growth projects. This is evident in the Board's decision to approve total dividend payout of 88.5% for FY2024.

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No.	Question
5.	Since the acquisition of Perstorp in late 2022, how has PCG tracked the value addition arising from this exercise? In relation to that, is there any further strategic initiatives being considered, in relation to the specialty chemicals segment?

Answer:

Perstorp has made considerable progress in meeting its acquisition rationale. This is evident by the improvement in Perstorp's sales volume, Revenue, EBITDA and Profit After Tax in 2024. Perstorp has also progressed its growth plan with the ongoing commissioning of the ISCC Plus certified Penta and Calcium Formate plant in Bharuch, India. In December 2024, Perstorp expanded their portfolio with the acquisition of OQ Chemicals Nederland B.V, further strengthening its position in the Engineered Fluids segment.

As part of our two-pronged strategy to selectively diversify into derivatives, specialty chemicals and solutions, the Company focuses on expanding the Specialties segment through various growth projects and inorganic approach via acquisition.

We are actively exploring acquisition opportunities to enhance our capabilities, and access to new technologies and products as well as to expand into new markets.

At the moment, we are not considering any acquisition exercise. We will continue to diligently scan and assess potential acquisitions that can grow and fortify PCG particularly opportunities to bolt on BRB and Perstorp.

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Pre-AGM Questions from Other Shareholders

No.	Question
1.	Request for IAR hardcopy.
2.	Request for Annual Report_ PETRONAS CHEMICAL BHD. Thank you.
3.	Hi, please send me a hard copy of annual report.
4.	Hi, may I request a hard copy of annual report, thanks.
5.	Hi, please send me a hard copy of annual report, thanks
6.	Hi, please send me a hard copy of annual report, thanks.
7.	Hi, may I request a hard copy of annual report, thanks
8.	Pls send printed annual report.
9.	Hi, may I request a hard copy of annual report, thanks.
Answer to question number 1 to 9:	
You may request for a printed copy of the Annual Report by login at investor.boardroomlimited.com and select “Request for Annual Report” under the “Investor Services”.	
No.	**Question**
10.	Any Virtual Meeting for this year AGM?
11.	Why we cannot have AGM online like we did? It is difficult to adjust again and go to multiple locations just for one Company’s AGM.
12.	Why not offer a hybrid AGM format? A hybrid meeting would allow both physical and virtual participation, encouraging more shareholders to attend and engage. Will the management consider implementing hybrid AGMs in the future to improve accessibility and inclusivity?
13.	Virtual AGMs provide significant benefits, especially for shareholders who live far away and may find it difficult to attend in person. Given these advantages, could the company consider reinstating the hybrid mode to ensure broader participation?
14.	Propose hybrid AGM instead of only physical. Please reconsider the plight of shareholders who are outstation, need to apply for leave etc.
15.	Why does this AGM not have online participation? With only on-site AGM, your company is paying more for the meeting and taking away the rights of other shareholders which do not stay in Klang Valley area. Next time, please at least organise a hybrid meeting. Online and onsite.
16.	Will future AGMs offer hybrid or virtual options for shareholders located outside of Kuala Lumpur?
17.	Propose hybrid AGM instead of physical session. Please consider the plight of shareholders who are outstation, need to apply for leave etc. A hybrid meeting would allow both physical and virtual participation, encouraging more shareholders to attend and engage. Will the management consider implementing hybrid AGMs in the future to improve accessibility and inclusivity?
18.	Due to time constraints, I prefer online meeting and remote voting. Would you consider the suggestion of having physical meeting and virtual meeting to proceed concurrently?
19.	Why there is no a virtual meeting platform provided this time? It would benefit shareholders who are unable to attend the physical meeting in KL for various reasons.
20.	Please consider hybrid AGM in future.
21.	Dear Chairman, kindly arrange the online meeting again. I am far away and would love to join as well.

Pre-AGM Questions from Other Shareholders

No.	Question
22.	Is there possible to have hybrid AGM next year?
23.	Request to have this AGM in hybrid format i.e. physical and online. This allows shareholders from outside KL area to participate without incurring much travel costs and time. And those who are working. I hope can make it mandatory to have hybrid AGMs. In fact, this should be considered a basic ESG requirement - for better Governance, it's essential to facilitate shareholders participation in AGMs and provide avenue to ask questions, regardless of where they are from.
24.	Please hold your future AGMs/EGMs using hybrid mode in order for more shareholders to attend them. Thanks.
25.	Please hold your future AGMs/EGMs using hybrid mode in order for more shareholders to attend them. Thanks.
26.	Please hold your future AGMs/EGMs using hybrid mode in order for more shareholders to attend them. Thanks.
27.	Please hold the AGMs/EGMs in hybrid mode in order to allow more shareholders to attend it.
28.	Why is this AGM being conducted only in person rather than offering hybrid option? A hybrid option would improve participation for shareholders unable to attend onsite. Please share the rational and do hold the next AGM on hybrid mode.
29.	Mr. Chairman and Board, for future AGMs kindly consider holding it on hybrid platform. Thank you.
30.	Hope the company will consider holding a hybrid meeting so that senior citizen shareholders like me with legs problem and also shareholders staying outside KL and Selangor will still be able to participate. Thank you.
31.	I would like to request the company to consider holding a hybrid meeting so that shareholders like me staying outside KL and Selangor will be able to participate also. Thank you.
32.	I would like to request the company to consider holding a hybrid AGM/EGM so that shareholders staying outside KL and Selangor like me will also be able to participate in the meeting. Thank you.
33.	I would like to request the company to hold a hybrid meeting to enable shareholders outside KL and Selangor to be able to participate also. Thank you.
34.	Hope the company will consider holding a hybrid AGM/EGM so that shareholders staying outside KL and Selangor will also be able to participate in the meeting. Thank you.
Answer to question 10 to 34:	
A physical AGM promotes better shareholder engagement and face-to-face interaction, fostering trust and transparency. Moreover, physical AGM allows shareholders to ask impromptu questions or seek clarification immediately. Hosting hybrid AGMs can be more costly, involving tech platforms, live streaming, and real-time voting systems as well as the manpower to manage both physical and hybrid platforms. Nonetheless, PCG will explore the feasibility of holding a hybrid AGM in the future.	

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Pre-AGM Questions from Other Shareholders

No.	Question
35.	I am one of your shareholders. This is my first time attending a physical meeting, so I am not very sure on the process. May I know how do I register to attend the physical meeting? Thanks.
36.	Hello, I am referring to the PETRONAS Chemicals Group Berhad AGM which will be held on Tuesday 22 April at KLCC Convention Centre. Do I need to bring any documents upon registration for the AGM? Thanks.
37.	How do I register to attend your AGM, I am a shareholder.
38.	Good morning, Sir/Madam, I hope the company will consider virtual AGM for those who can't attend physically. Please let me know in advance so that I can register to attend the event. Thank you for the understanding.
Answer to question 35 to 38:	
Shareholders whose name appears on the Record of Depositors as at 16 April 2025 shall be entitled to attend the Annual General Meeting. Pre-registration is not required for the shareholders, you will only be required to produce your original MyKad/ Identification Card or passport (for foreigners) on the day of the AGM during registration. Details of which is available in the Administrative Guide on PCG's corporate website.	

No.	Question
39.	Is parking provided for the above AGM at the KLCC convention parking area? Please advise.
40.	Dear Sir/ Madam, Greetings! For the AGM on 22 April 2025, may I ask if the parking at KLCC (basement parking) is free for shareholders attending the event? If yes, could you guide me to the easiest way to the basement parking entrance and how to validate my parking ticket/ Touch n' Go? Appreciate your kind assistance.
Answer:	
Parking is available at the Kuala Lumpur Convention Centre (basement parking) at your own cost. PCG will not reimburse any parking costs incurred and shall not bear any responsibilities for lost parking token(s). Details of which is available in the Administrative Guide on PCG's corporate website.	

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Pre-AGM Questions from Other Shareholders

<table>
<tr><th>No.</th><th>Question</th></tr>
<tr><td>41.</td><td>Please schedule the meeting to other day as it clashes with other meeting.</td></tr>
<tr><th colspan="2">Answer:</th></tr>
<tr><td colspan="2">Unfortunately, the Company is not able to reschedule the AGM. The notice of AGM was given within the stipulated timeframe.

It was advertised in the Star and Berita Harian newspapers and dispatched to shareholders on 21 March 2025, being more than 30 days' notice.</td></tr>
<tr><th>No.</th><th>Question</th></tr>
<tr><td>42.</td><td>What is the process of:

a) choosing KPMG PLT as Auditors of the Company for the financial year ending 31 December 2025; and
b) to authorise the Directors to fix their remuneration?</td></tr>
<tr><th colspan="2">Answer:</th></tr>
<tr><td colspan="2">The Board Audit Committee (BAC) assessed the performance, suitability and independence of KPMG PLT based on the following 4 key areas which are (i) independence, objectivity and professionalism (ii) quality of engagement team and services, (iii) adequacy of resources and (iv) quality of communication.

Being satisfied with KPMG PLT's audit quality, performance, competency and resources provided to the Group, the Board recommended the re-appointment of KPMG PLT as auditors of the Company for the financial year ending 31 December 2025. Additionally, the lead auditor is also subject to rotation every 7 years. This is aligned with the Malaysian Institute of Accountant By-Laws.

Pursuant to the Companies Act 2016, the Company is seeking the shareholders' approval to authorise the directors to fix the auditors' remuneration.</td></tr>
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Pre-AGM Questions from Other Shareholders

No.	Question
43.	Kindly explain the needs of increase of Directors' fees from RM288,000 to RM360,000 per annum (increase of 25%) for the Non-Executive Chairman and from RM144,000 to RM240,000 per annum (increase of 66.67%) for each of the Non-Executive Directors since the monthly Directors' fees currently is already RM24,000 per month for each of the Non-Executive Chairman and RM12,000 per month for each of the Non-Executive Directors. Thank you.
44.	Share price reflect company performance, since it does not perform as the price had drop so much, Director Fees and benefit should not increase. RM3 million fees and benefits are very high.
45.	Resolution 3 proposes increases in Non-Executive Director fees based on a 2023 benchmarking exercise. Could the Board provide more context on the peer group used for this comparison and further justify the proposed fee levels, particularly in light of the 26% decline in Profit After Tax during FY2024?
46.	Comments & Question pertaining to Ordinary Resolution 3 of 27th AGM of PETRONAS Chemicals Group Berhad. Let me start by thanking the entire PCG team for their contribution. I believe good performance should be rewarded proportionately to motivate continuous performance. However, rewards to Directors, Management & team players that contribute positively to the performance of the company should be positively correlated to the return to the shareholders. In this regard, do not the Board & Top Management of PCG feel that it is insensitive to propose a hike in Chairman & Directors' fees of 25% & 67% respectively under the following circumstances: 1. The share price of the company has been tumbling since the peak in May 2022 (-75%) and -63% from October 2023 eroding shareholders' value significantly; 2. PCG experienced a 30.7% decrease in net profit in 2024 compared to the following year despite a 7% increase in revenue over the same period; and 3. The interim dividend announced in February 2025, merely a month before the proposed hike in directors' fee, was 45% lower year-on-year. We are not demanding pay cuts to make up for forex loss etc. Just wait until measures put in place to improve performance, operating efficiency & treasury management to show proven results (i.e. increase in profit aligned with increase in revenue) before proposing a hike in directors' fees. Thank you.

Answer to question number 43 to 46:

The Company's Directors' Remuneration Packages were last reviewed in 2018 and due for reassessment on whether the current remuneration structure remains appropriate.

An independent consultant was engaged to undertake a benchmarking exercise on the Non-Executive Chairman and Non-Executive Directors' (NEDs) remuneration. Based on the benchmarking analysis, the Company is positioned in the lower quartile (bottom 25%) of the remuneration level. Thus, the revised Directors' Remuneration was proposed, considering the following:

a) Fair remuneration to balance the Company's financial capacity and retain the right Board composition.
b) Risks associated with director's fiduciary duties and accountability, reflecting the complexity of the Company's business and operations. The revised Directors' remuneration ensures that compensation aligns with the scope and complexity of their roles and responsibilities.

With the proposed increase, the fees are still below the middle quartile when compared to the peer companies.

Pre-AGM Questions from Other Shareholders

No.	Question
47.	How does the group determine the numbers of Board of Directors needed?
Answer:	
The Company remains committed in ensuring its Board composition is appropriate to achieve its goals and objectives. In comparison to other public-listed companies with similar market capitalisation, the current numbers of Directors are appropriate and sufficient. The current Board members possess the relevant diverse experiences and skills as per the required skills matrix, in accordance with the Board Succession Planning Framework.	
No.	**Question**
48.	The Corporate Governance Report (Practice 5.2) acknowledges a departure from the MCCG recommendation for a majority independent board. While alternative measures are noted, the report states the Company is "evaluating its options". What specific options are under consideration to achieve majority independence, and what is the projected timeline for implementing these changes?
Answer:	
The objective of having Independent Directors (INEDs) is to enable the Board to provide independent, sound, and objective perspectives during Board discussions. A comprehensive review via Board Effectiveness Evaluation process has been carried out annually, to confirm that the Company's INEDs consistently provide their independent judgement for the best interest of the Company. Based on the above, there is no specific timeline for us to have majority INEDs. However, from time to time, we will continue to review the effectiveness of this arrangement.	
No.	**Question**
49.	Does Board of Directors exercise its mandate to buy back company shares in the open share market during free fall (+/- RM3.30) of the share's price recently?
Answer:	
At the moment, the Company has no plan to undertake share buy-back exercise. Any share buy-back exercise will require prior approval from the Company's shareholders at a general meeting. The Company will assess any corporate exercise (including share buy-back) as and when required.	

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Pre-AGM Questions from Other Shareholders

No.	Question
50.	Does PCG have plans to diversify the businesses to other sectors?

Answer:

Our principal activities involve in the manufacturing, marketing and selling of a diversified range of basic and specialty chemicals.

Our primary focus for growth remains aligned with our 2-pronged growth strategy, (i) to sustain strength in basic petrochemicals and (ii) to selectively diversify into derivatives, specialty chemicals and solutions.

In the Specialty Chemicals segment, we are focusing on (i) resin & coatings, (ii) personal care, (iii) engineering fluids and (iv) advance polymer solutions.

No.	Question
51.	What are the key capital projects planned for the next fiscal year, and how are they expected to enhance PCG's competitive position?

Answer:

Major capital projects that are expected to come online are:

1. Our Isononanol (INA) plant in Pengerang, Johor. This is where we have further expanded downstream into specialty chemicals. The products will capture opportunities in sectors like automotive and construction industries.

2. We have a Penta and Calcium Formate plant in Bharuch, India. This plant will capture India's demand and will be a cost competitive manufacturing centre to serve the growing demand in Asia. Penta are in demand for coating and lubricants, whilst CaFo serves the adhesives, fertilisers and feed additive sectors.

3. Melamine plant in Gurun, Kedah provides optionality to our urea. Our Melamine production could satisfy regional demand in construction and household goods.

No.	Question
52.	With evolving market dynamics and the push for energy transition, how is PCG repositioning its portfolio and long-term strategy to remain competitive in both traditional petrochemical markets and emerging green chemical segments?

Answer:

To create value, meet our customer needs and ensure compliance to regulations, we adopt a pragmatic and balanced approach on sustainability. Therefore, our approach has to tailor suit to where we and our customers are.

In helping our customers meet their sustainability targets, one of our solutions include Perstorp's Pro-Environment products. These products are alternatives to our fossil-based products which are produced using renewable feedstock to reduce carbon footprint. Such offering proves to be in high demand and high margin for selected customers, particularly in Europe.

With this know-how, we are ready to scale these solutions to other customers and regions as the market became ready.

We also consider low carbon foot-print options in any future investments.

Pre-AGM Questions from Other Shareholders

No.	Question
53.	Given the decline in profit for FY2024 and the adjustments in dividend payouts, what strategic measures are PCG implementing to enhance profitability and ensure sustainable dividend distributions in the coming years?
54.	Is PCHEM able to get through this bad economy and return back with profit?
55.	Any strategy to encounter the oversupply demand?
56.	How is the Group going to improve its profit margin facing competitive pressure? What is the Group strength?
57.	What is the management strategy to turn performance around? Weak performance has caused share prices to plunge from > RM10 to historical low of RM3.60.
58.	a) What are the PECHEM's strategic moves to grow its business in the coming 3 years under the uncertainty of the global economy caused by the tariffs announced by US? b) With the drastic drop of PCHEM's revenue and net profit, what are the strategic moves by management to improve its revenue or its products?

Answer to question number 53 to 58:

We remain vigilant of risks and market disruptions caused by market headwinds, but we are also continuously on the look out for opportunities.

In navigating market headwinds, we continue to fortify our resilience with the following focus areas;

- First, our continued focus on operational excellence by improving efficiency across our production facilities leads to enhanced productivity and yield.
- Secondly, we adopt a customer-centric approach. Our long-standing relationship with our customers enabled us to grow our sales volume even in an oversupplied market. We address our customer pain-points and meet evolving needs to further enhance value creation.
- Third, we maintain strong financial discipline through cost optimisation and prudent capital expenditures.

Whilst we strengthen our existing business, we are also diligently assessing, high-return growth projects to future-proof PCG. This includes growing our specialty chemicals portfolio to deliver niche, high-performance products tailored to meet diverse customer needs.

We aspire to grow non-traditional business, i.e. intermediate and specialty chemicals to contribute to about 30% of our total revenue.

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Pre-AGM Questions from Other Shareholders

No.	Question
59.	Practice 4.3 indicates the Board discussed the PCG Sustainability Strategy, NZCE 2050 roadmap, Nature Action, and Social Impact & Human Rights Policy. Can the Board provide specific examples of how these discussions have tangibly influenced capital allocation decisions and strategic priorities for FY2025 and beyond, particularly regarding the balance between core business investments and sustainability initiatives?

Answer:

In general, our approach to sustainability is pragmatic and balanced. Our focus is on high-margin, differentiated solutions which creates value and meet our customer needs.

All proposals go through a structured screening process and are governed by clear terms of reference. These governance measures ensure that capital allocation reflects strategic priorities and advances PCG's sustainability agenda.

Sustainability considerations are also now in our project feasibility studies, integrating carbon tax scenario and emission abatement plans into project decision-making processes. A Sustainability Fund has also been created to support both capital and operational cost for NZCE initiatives.

In recognising the demand for sustainability, we will also continue to expand our Pro-Environment solutions to help customers meet their sustainability targets.

No.	Question
60.	What is the ratio of portfolio contribution between commodity core business and specialty chemical new business does the Group wish to achieve?

Answer:

With BRB and Perstorp as part of PCG, our specialty segment currently contributes about 20% of PCG Group revenue. We aspire to grow non-traditional business, i.e. intermediate and specialty chemicals to contribute to about 30% of our total revenue.

We will continue to diligently grow our specialty chemical segment, both organically and inorganically. We target to continuously grow specialty chemicals contribution with the aim of fortifying PCG portfolio with high margin and high stability businesses.

No.	Question
61.	How does the Group manage PCG and new acquisition brands for market expansion?

Answer:

In managing PCG existing and newly acquired brands, we align and integrates them based on their brands strength in their respective markets. This is to ensure clear market positioning to support market expansion.

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Pre-AGM Questions from Other Shareholders

No.	Question
62.	There is concern on new business acquisition often decreases shareholder value, how will the Group ensure acquisition will provide value to shareholders? What are the key motivations in acquiring a business?
63.	In terms of specialty chemical which had a 0.7% PAT margin based on 2024 annual report segmental review. This division includes Perstorp which PCHEM acquire for 1.5b euro. Does management this is a worthwhile investment financially or the main purpose of this investment is more than financial returns but the technology that Perstorp has?

Answer:

For PCG, acquisitions are intended to enable growth and strengthen our portfolio.

Hence, in establishing the business case for any acquisition, the key criteria for PCG are strong strategic fit, synergy/growth potential, market presence, capabilities/competencies of the people, as well as the ability to integrate and create more value post-acquisition.

As an example, BRB and Perstorp have given us the platform, technologies as well as new markets in specialty chemicals segments. It enables PCG to also gain immediate skills, capacity and know-how in the formulation of specialty solutions which we can further scale and transplant the technology in Asia.

This will provide pathway for PCG to grow in selected (i) resin & coatings, (ii) personal care, (iii) engineering fluids and (iv) advance polymer solutions.

Moving forward, we will continue to diligently scan and assess potential acquisitions that can grow and fortify PCG.

No.	Question
64.	Are there any more JV in the pipeline since JV partners i.e. BASF, Idemitsu, INEOS etc. provide significant sales volume for the Group?
65.	Appreciate sharing the expansion or reduction plan in place in all the subsidiaries under the company arm to ensure the sustainability of the business.
66.	How does the Group define its risk appetite for new acquisition? Does the Group have a risk threshold?

Answer to question 64 to 66:

Our growth can take place in various methods – we grow on our own, but we can also grow with strategic partners to reduce risks.

Joint ventures is one of the ways to grow with strategic partners, leveraging on our partner’s technology, knowledge and strength.

PCG continuously evaluates potential business opportunities with strategic partners to support its growth strategy with focus on innovation, to expand its product portfolio while strengthening its regional and global presence.

PCG will pursue organic growth within BRB and Perstorp in specialty chemicals.

PCG will also continue to evaluate its overall portfolio from time to time to identify potential high quality assets in ensuring business sustainability.

No.	Question
67.	Why does the Group choose to expand to global market when majority of its sales market is in the Southeast Asia region including Malaysia where it has the advantage?
Answer:	
PCG commodity business is traditionally focused in Southeast Asia and Asia Pacific and we will continue to strengthen our hold of this market. We are also actively scanning opportunities within and outside the region to continuously create value for our shareholders. For specialty chemicals, the advanced markets for this segment are mostly concentrated in Europe and US and currently growing in China and India. It is important to note that, Southeast Asia market is also evolving. We will take advantage of the strengths, knowledge and innovation in BRB and Perstorp to scale it to this region.	
No.	**Question**
68.	Are there any plans to introduce innovative green technology offerings from Perstorp and BRB into the domestic market? What is the progress in building these brands conscious?
Answer:	
Perstorp and BRB do currently offer a series of innovative green solutions and we are actively expanding these product and solutions globally, including Malaysia and other ASEAN countries. We are consistently putting in the effort to promote these offerings to mature the market for green solutions in this region. Our approach remains a pragmatic and balanced one, suiting to locality and customers need while we actively engage with them in enabling their growth.	
No.	**Question**
69.	Are there any plans to increase F&M segment production output since it is the most profitable segment for the Group?
Answer:	
F&M has indeed been our strong traditional basic petrochemicals segment. Through the 40 years that we have been in this segment, we have built strong, long-standing relationships with many customers, particularly in this region. In line with our 2-prong growth strategy, we will continue to focus in making F&M a strong part of our portfolio. Therefore, any growth opportunities will be diligently assessed, and we will pursue them if they are assessed to be able to generate long-term value for PCG. We are currently assessing a few opportunities as we speak.	

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Pre-AGM Questions from Other Shareholders

No.	Question
70.	What is PCHEM strategy as the world moving away from single use plastic products (as it should)?

Answer:

Through our New Plastic Economy Agenda, we focus on four key pillars (innovation, infrastructure, education, and clean-up) working alongside recyclers, technology providers, and local communities to enable plastic circularity.

We also collaborate with policymakers as part of the Plastics Sustainability Working Group, supporting collective actions to address plastic waste in Malaysia.

At the same time, we closely monitor regulatory and market developments to enhance the recyclability of our products and future-proof our portfolio.

No.	Question
71.	Lastly, the products produced at PPC are sold mainly to which countries?

Answer:

Products produced at PPC are mainly sold to Southeast Asia and Northeast Asia countries.

No.	Question
72.	What steps is PCG taking towards digitalisation to improve operational efficiency and reduce costs?

Answer:

PCG has implemented digitalisation across all aspect of its business including Operations, Commercial and Procurement. Key applications and their benefits are:

1. In Operations – digital applications are used to monitor equipment performance and leverage on predictive analytics to enhance efficiency, improve plant reliability, and optimise costs.
2. In Commercial – digital applications are used to improve logistics efficiency through optimised scheduling, provide up-to-date performance data enabling real-time corrective actions and set optimal product price.
3. In Procurement – digital applications enable sharper work execution by providing real-time visibility of critical materials including delivery status.
4. In Innovation – we are excited to build our digital capabilities in helping us to co-create solutions with our customers in niche specialty chemicals.

No.	Question
73.	What is PCG rationale in balancing ROE and Dividend? Are current numbers still close? i.e. 2.98% vs. 3.55%. What is expected in future?

Answer:

PCG aims to maintain a balance between providing attractive returns to shareholders through dividends and retaining sufficient earnings to support future growth and operational needs. PCG is effectively managing its financial performance to align with its dividend policy.

Future dividend payments will depend on the Company's earnings, working capital & growth requirements, and other factors to ensure prudent cash management.

Pre-AGM Questions from Other Shareholders

No.	Question
74.	Please declare higher dividend, thank you.
75.	Does the management have faith in increasing the dividend payout?
76.	With the current financial performance, can PCHEM sustain the dividend payout?
Answer to question number 74 to 76:	
Despite the challenges that resulted in compressed margin in FY2024, PCG recorded the highest dividend payout ratio of 88.5%. Future dividend payments will depend on the Company's earnings, working capital & growth requirements, and other factors to ensure prudent cash management.	

No.	Question
77.	Analyst reports have mentioned that PPC annual depreciation and finance cost is about RM 680 million. What is the current utilisation rate of PPC and with this high finance and depreciation cost when is PPC expected to break even.
Answer:	
Since achieving commercial operation in November 2024, PPC has gradually ramped up its plant and expected to achieve Plant Utilisation (PU) rate of about 80% by the end of 2025. The petrochemical market is currently in a period of downcycle and PPC, like other petrochemical companies are taking the necessary measures to navigate the challenging market conditions and be well-positioned to achieve profitability once the market rebounds.	

No.	Question
78.	How does the group plan to minimise the impact of currency fluctuation as per quarter 30th September 2024 in financial year 31st December 2024 which caused net losses of MYR762,000,000?
Answer:	
The Group recorded net loss after tax of RM762 million in Q3 2024 mainly contributed by lower EBITDA & unrealised foreign exchange loss on revaluation of payables in a joint operation entity. PCG experienced temporary FX volatility in Q3 2024 due to a weakened USD, which resulted in unrealised forex loss during the quarter. However, this was partially reversed in Q4 2024 as USD began to strengthen. We wish to inform that PCG Management is currently evaluating options to manage the unhedged position of PPC's foreign currency payables and shareholder's loan to mitigate the impact on PCG's financial performance.	

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Pre-AGM Questions from Other Shareholders

No.	Question
79.	How does the Group manage its foreign exchange risk?
Answer:	
PCG Group has a natural hedge as most of its revenue and expenses are denominated in USD. We will hedge using forward exchange contract in respect of current and forecast transactions. PCG has in place a Foreign Exchange Management Guideline which covers the FX Management process and considerations required to prudently manage and mitigate exposures to FX risk.	
No.	**Question**
80.	Kindly reward shareholders with e-wallet vouchers. Thank you.
81.	Any reload pin for e wallet as gift for shareholders appointing proxy on this AGM?
82.	Do you give door gift vouchers to participants who join this AGM?
83.	Any door gifts for attending AGM?
84.	Should give more door gifts to shareholders as a lost opportunity for plant visit.
85.	Any e voucher for those who did not register for RPEV for those minority shareholders unable to attend personally for this AGM 27th. Thanks.
86.	What's the AGM gift for online participation?
87.	Will there be distribution of SETEL gift cards at AGM venue, to reward the loyal shareholders, including those attending as proxies, as part of long term ESG of PCHEM. Thank you.
88.	Any door gift?
89.	Dear the BOD, kindly please provide a door gift to attending shareholder cum proxy. Will be most appreciated & thankful.
90.	Please give us some e-vouchers/ e-wallet for attending this RPEV as a token of appreciation. Thank you.
91.	Please give us some e-vouchers/ e-wallet for attending this RPEV as a token of appreciation. Thank you.
92.	Please give us some door gifts/ e-vouchers/ e-wallet for attending this RPEV as a token of appreciation. Thank you.
93.	Please give us some door gifts/ e-vouchers/ e-wallet for attending this RPEV as a token of appreciation. Thank you.
94.	Please give us some door gifts/ e-vouchers/ e-wallet for attending this RPEV as a token of appreciation for. Thank you.
95.	Please give us some door gifts/ e-vouchers/ e-wallet for attending this RPEV as a token of appreciation. Thank you.
Answer to question number 80 to 95:	
Shareholders/proxies who attend PCG 27th AGM in person 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 27th AGM.	

No.	Question
96.	The report discloses one fatality and an increase in the Lost Time Injury Frequency (LTIFR) in FY2024. Beyond the immediate actions taken after the fatality, what specific, systemic changes to safety protocols, contractor management, and oversight processes are being implemented across all PCG operations to prevent recurrence and drive towards the "ZERO incidents" goal?

Answer:

With deep regret, in the course of delivering our performance last year, we have lost the life of a colleague, and we recognise this is a life too many.

In preventing and ensuring zero recurrence of similar incidents, we have:

a) Reviewed and enhanced our process and procedures to ensure proper handling and operations of our facilities.
b) Improve and strengthen competencies through trainings, cross-learning and sharing across all our facilities and operations.
c) Upgrade critical facilities to have continuous monitoring via CCTV and strengthening personnel access.
d) Strengthen the culture and awareness on HSE through company-wide campaigns.

No.	Question
97.	The share price is down. The dividend is down. When can we get back on track?
98.	Why did the share price dropped to new low?
99.	Why was the share price so weak comparing with the share price from 2010 to mid of 2024?
100.	Appreciate sharing what the company's short and long-term strategies are in terms of increasing the share price to a higher level without the market affecting it?

Answer to question number 97 to 100:

Global economic uncertainties, geopolitical risks, inflation, and product oversupply continues to impact the chemicals industry in the near term.

In strengthening our existing business to face these headwinds, PCG will focus on:

a) Operational excellence by improving efficiency across our production facilities.
b) Commercial excellence by managing product mix with robust pricing strategy.
c) Maintaining strong financial discipline through cost optimisation and prudent capital expenditures.

Whilst we strengthen our existing business, we are also diligently assessing high-return growth projects to future proof PCG. This includes growing our specialty chemicals portfolio to deliver niche, high-performance products tailored to meet diverse customer needs.

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Pre-AGM Questions from Other Shareholders

No.	Question
101.	What is your business outlook for 2025 and 2026?
102.	Given the global economic volatility and lower oil prices affecting the industry, how does PCG anticipate these factors will influence its operations and profitability in the coming year?
103.	What is the management's view pertaining to the outlook of PCHEM's business prospects vs the coming global economy uncertainty and how severe will it affect PCHEM's business in %?
104.	What are the scenarios in place in terms of business outlook that the company had in place now to ensure sustainability of its' business.
105.	What are the potential risks and opportunities facing the company in the near future?

Answer to question 101 to 105:

We are operating in a more volatile global environment, heightened by current trade tensions.

This will disrupt market dynamics, trade flows and supply chains, further leading to inflationary or deflationary pressures in various markets, resulting in poor consumer sentiments and dampened business activities.

These add a layer of complexity whilst the petrochemicals industry is already navigating a prolonged business downturn due to overbuilt capacity.

Hence, we expect product prices and spreads to continue hovering at lower levels compared to historical trends. Key end segments for specialty chemicals such as consumer goods, construction and automotive could continue to face weakness given the challenging environment.

Nevertheless, we remain committed to strengthen our operational and commercial excellence to ensure our resilience in remaining competitive in this challenging environment. At the same time, we will continuously be on the look out for opportunities as they may arise during the recovery.

No.	Question
106.	How will the company be impacted from the removal of government subsidies?

Answer:

The removal of government subsidies has resulted in slight increase in our sales and distribution costs, as transportation and logistic expenses increased in line with higher fuel prices. We will maintain our focus on cost optimisation and logistical efficiency efforts to minimise the impact.

No.	Question
107.	Given the record revenue of RM30.7 billion in FY2024 alongside a decrease in PAT by 26% to RM1.3 billion and EBITDA to RM3.5 billion. Could the Board elaborate on the key factors driving this significant margin compression, specifically quantifying the impact of higher joint operation entity costs, feedstock prices, and unfavourable foreign exchange movements versus any pricing power or cost optimisation benefits achieved during the year?

Answer:

In FY2024, PCG achieved a record revenue of RM30.7 billion.

Despite higher revenue, PCG's profitability was mainly impacted by:

a) higher operational expenses mainly from the feedstock & utilities costs, depreciation charges and finance cost from Pengerang Petrochemical Company (PPC), following early stages of its commercial operations;
b) lower product spreads due to challenging market conditions despite our feedstock prices remained competitive; and
c) unfavourable foreign exchange movements resulted from translation loss from payables and revaluation of shareholder's loan in PPC.

Optimisation efforts from Commercial and Operational Excellence by the Company resulted in cost saving of more than RM280 million to improve the profitability.

No.	Question
108.	The report highlights the commercialisation of several major growth projects in 2024, including the Pengerang Petrochemical Complex. What is the Board's expectation regarding the financial contribution (revenue and profit) from these new assets in FY2025, and what are the key risks associated with their ramp-up phase?

Answer:

In 2024, there were 4 growth projects that has achieved commercial operation. These projects are expected to contribute positively to the future earnings of PCG.

During ramp-up phase, our focus is to ensure smooth and safe plant start-up, hence, we conduct risk assessment and implement proactive action plans which include planned maintenance and inspection programmes to minimise the risk of equipment failure and unplanned shutdowns.

We do not expect material contribution from these projects until stabilisation of its commercial operation.

No.	Question
109.	Why are there supply-demand mismatch in the production volume and sales volume for the commodity segment? Does this contribute to high inventory cost?

Answer:

Not all PCG production volumes are sold externally, as some of the volumes are consumed internally to produce higher-value downstream products as part of our integrated value chain. For example, ammonia produced at PC Fertiliser Kedah were used as feedstock for urea production.

Hence, the production volume are always higher than the sales volume. This has no impact to PCG's inventory cost, as optimum inventory is already part of our operational excellence procedures and controls.

Pre-AGM Questions from Other Shareholders

<table>
<tr><th>No.</th><th>Question</th></tr>
<tr><td>110.</td><td>Still on specialty chemical, with the current trade tariff instability does PCHEM sees this as an opportunity or threat?</td></tr>
<tr><th colspan="2">Answer:</th></tr>
<tr><td colspan="2">For our specialty chemicals operations in the US, a significant portion of the products are produced within the country, which reduces the direct impact of tariffs on imports. In addition, our US specialty chemicals only contribute about 2% of total PCG’s sales volume and 4% of total revenue.

The situation regarding US tariffs remains fluid, with ongoing trade negotiations and potential countermeasures from other countries. We are closely monitoring these developments and adapting our strategies when necessary.</td></tr>
<tr><th>No.</th><th>Question</th></tr>
<tr><td>111.</td><td>Trade wars between the two superpowers expected to continue on in the short to medium term, what negative financial impacts do the Board foresee for the petrochemicals industry in Malaysia in general and to PETRONAS Chemicals Berhad in particular?</td></tr>
<tr><th colspan="2">Answer:</th></tr>
<tr><td colspan="2">We expect minimal direct impact to PCG since our sales volume and production capacity in the US are relatively small as it only contributes about 2% of total PCG’s sales volume and 4% of total revenue. For our specialties production in the US, most of the feedstocks are sourced within the country.

However, we anticipate there are potential indirect impacts to PCG and chemicals player in key markets (especially in Southeast Asia region) in the form of increased competition and margin compression. We are closely monitoring these developments and assessing broader implications on the overall market dynamics.</td></tr>
<tr><th>No.</th><th>Question</th></tr>
<tr><td>112.</td><td>The Risk Overview section notes that Plant Operational Risk and Talent Risk were escalated to 'High' in FY2024. Could the Board elaborate on the primary drivers for these escalations and detail the specific mitigation strategies being prioritised to address equipment reliability issues and the challenges in attracting and retaining critical talent, especially for specialty chemicals growth?</td></tr>
<tr><th colspan="2">Answer:</th></tr>
<tr><td colspan="2">The escalation of Plant Operational and Talent Risks to ‘High’ in FY2024 was mainly due to the following challenges.

Plant Operation Risk: PCG faced several plant interruptions due to equipment issues, which affected overall plant reliability. To address this, PCG has taken proactive steps including equipment replacement, improving equipment reliability, conducting asset life studies, and leveraging on digital tools for early issue detection.

Talent Risk: PCG faced challenges in attracting and retaining niche talent, particularly in the specialty chemicals, due to limited availability and strong market competition. To mitigate this risk, we engaged global talent recruitment agencies, enhanced our employee value proposition and strengthened succession planning across our businesses.</td></tr>
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Pre-AGM Questions from Other Shareholders

No.	Question
113.	Any plans to declare bonus share or share split or share consolidation?
114.	Any plan to issue free warrant under current low share price of PETRONAS Chemicals Group?
Answer to question number 113 and 114:	
At this juncture, there is no plan for such corporate exercise.	
No.	**Question**
115.	Regarding the plant visit, I was disappointed to hear that some shareholders were able to visit your plant 3 times. As I inquire from your staff, your staff says give chance to newcomers and first come first serve. How come some shareholders can visit your plant 3 times. Very disappointed.
Answer:	
Thank you for your feedback and we appreciate your keen interest in joining the site visit. We assure you that the selection process is conducted fairly, in accordance with our terms and conditions. Due to the limited number of available slots, the shortlisting process was conducted on a first-come, first-served basis, with safety and health considerations in mind. To promote inclusivity, participants from previous site visits have been given lower priority to allow other shareholders the opportunity to attend the site visit. If an invitation is declined, it will be extended to the next eligible participant in the same first-come, first-served manner. Nevertheless, we take note on your feedback and will review our processes for areas of improvement to ensure all interested shareholders would have the opportunity to participate in a site visit.	
No.	**Question**
116.	Will the PETRONAS Chemicals Plant Visit Programme for shareholders be on-going this year?
Answer:	
Yes, PCG will continue its plant visit programme for shareholders. A QR has been made available throughout the proceedings of this AGM for shareholders to register their interest	
No.	**Question**
117.	Please expedite the construction of the gate/wall near KLCC and Syakirin Mosque, as it has been an eyesore for quite some time. The process has taken too long, and a safe walkway to Syakirin Mosque, along with a well-designed sightseeing stretch, is much needed.
Answer:	
The structure under construction near KLCC and Masjid As-Syakirin is not under the purview of PETRONAS Chemicals Group Berhad.	

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