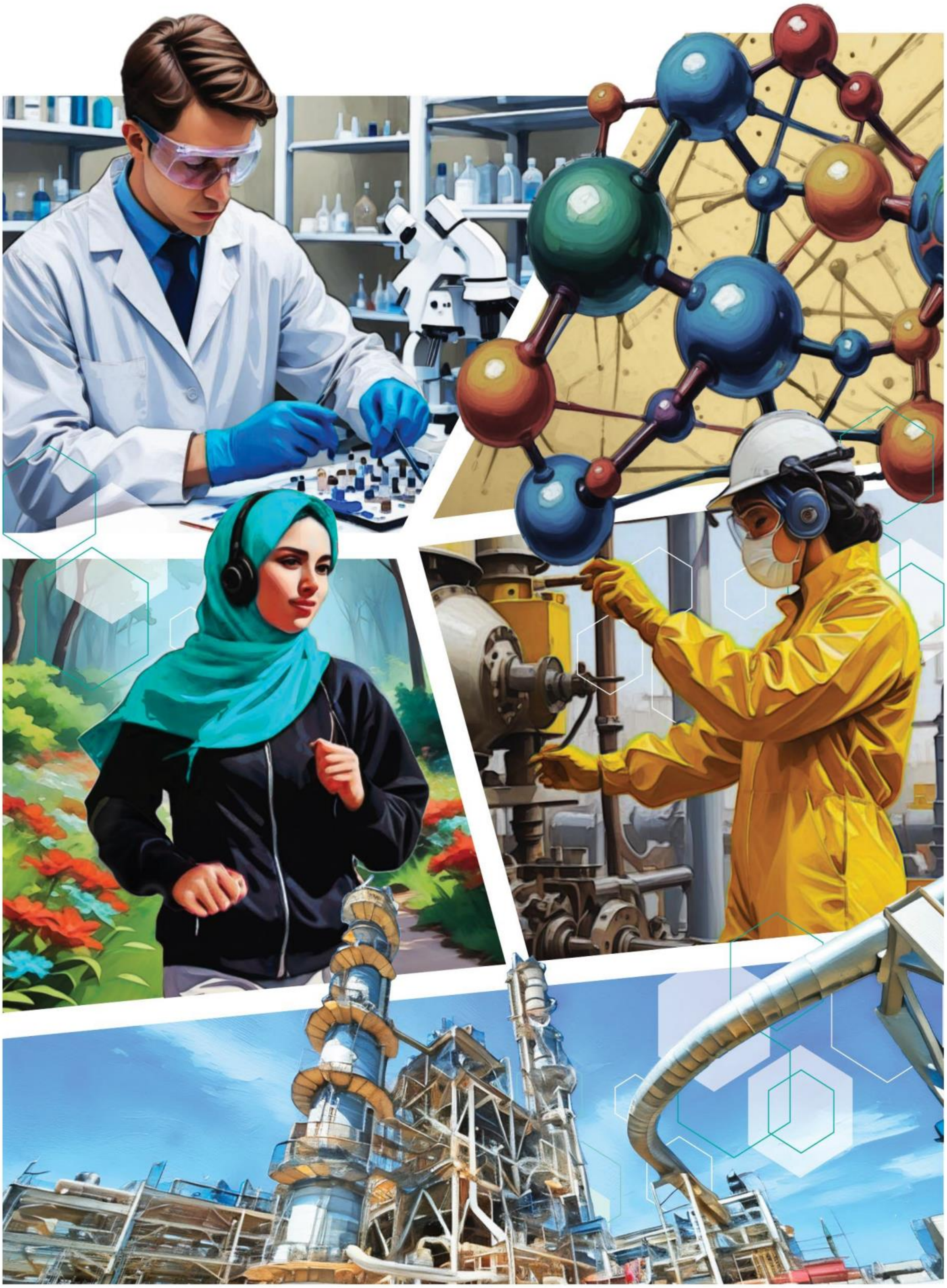
PETRONAS Chemicals Group Berhad
27th Annual General Meeting



Live-AGM Questions from Shareholders

No.	Question
1.	a) What is the total amount invested in the Pengerang project?
	b) Is the depreciation cost consolidated into the balance sheet or is it only reflected in the share of profit?
	c) The share of profit from Associates and JVs changed from a profit of RM93 million to a loss of RM107 million. Is this due to the Pengerang project?
Answer to Question 1 (a) – 1 (c)	
	a) PCG has 50% interest in the Pengerang Petrochemical Company Sdn. Bhd. with the total project cost of RM10 billion (PCG's 50% portion).
	b) The depreciation cost is consolidated into the group's profit and loss rather than the share of profit. Total depreciation cost for Pengerang is around RM400 million per year. As depreciation started in July 2024, the 2024 report reflects only half of the yearly depreciation.
	c) As the Pengerang project is a joint operating entity, its results are recorded in the group's profit and loss and does not impact share of profit movements for Associates and JVs. The loss of RM107 million is mainly due to lower financial performance from other Associates and JV companies such as BASF PETRONAS Chemicals Sdn. Bhd., LG PETRONAS Chemicals Malaysia Sdn. Bhd. and PCG PCC Oxyalkylates Sdn. Bhd., as a result of adverse market conditions as well as some of the companies are in the early stage of their operations.
No.	**Question**
2.	a) Before the tariffs imposed by Trump, the market was already facing oversupply, margin compression, and rising energy costs. Given the new tariffs, do you feel the situation has worsened? Reports suggest China may dump its excess capacity into Southeast Asia. Additionally, do Chinese producers have a competitive advantage with cheaper Russian oil and lower production costs? Lastly, are there tariffs in place to protect the domestic market from Chinese imports?
	b) Do Chinese producers have a lower feedstock cost than PCG in general?
Answer to Question 2 (a) – 2 (b)	
	a) <u>CEO:</u> We are assessing the impact and implications of the US tariff to the market. Potentially, there will be impact to PCG and other chemical players, as some of the products may flow into our key markets, such as Southeast Asia. In response, we are focusing on maintaining competitiveness and resilience in this challenging market. Our strategy involves ensuring optimal performance of our facilities, fostering strong customer relationships, and being more reliable, flexible, and responsive to customers' needs. <u>Chairman:</u> At this stage, we are not aware of any tariff will be imposed in Malaysia for importing petrochemicals from other countries.
	b) In general, PCG's feedstock cost is very competitive and what sets us apart is how we utilise that feedstock. Our key focus areas include improving consumption efficiency and reducing wastage. We ensure our feedstock is used in the most efficient way possible, ensuring every molecule is maximised. Another important factor is plant utilisation where we strive to maintain a plant utilisation rate above 90%, which will help us to stay competitive amidst challenging conditions.

Live-AGM Questions from Shareholders

No.		Question
3.	a)	Regarding the two process safety incidents mentioned on page 64 of the Sustainability Report, what was the volume loss involved in those incidents?
	b)	Can you share more details about the fatality incident—what happened, where it occurred, and whether incident learnings and mitigation measures are available?
	c)	What is the Company's plan to get 100% certification on ISO 45001 on HSE management system?
	d)	What is PCG's plan to manage forex exposure in the future, especially considering the potential weakening of the U.S. dollar due to the current situation in the U.S.?
		Answer to Question 3 (a) – 3 (d)
	a)	There was no material volume loss resulted from the two process safety incidents mentioned earlier.
	b)	The fatality was a result of electrocution due to contact with a live connection. It was a very serious incident, and the Company is addressing it with utmost gravity. Although strong safety processes and frameworks are in place and continuously being updated, the incident reinforces the importance of culture, awareness, and training. Having detailed procedures is not enough, employees must internalise safety principles and act proactively. Training must be continuous, and safety must always take precedence over productivity. The Company is actively working to elevate safety consciousness across its operations, recognising that even minor lapses may result in severe consequences.
	c)	It is about current management systems and the plan to move from 54% to 100% ISO 45001 certification. We acknowledge the importance of this and will respond accordingly. *Note: the response has been uploaded in PCG's website on 25 April 2025 as follows:* *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.*
	d)	For businesses other than Pengerang, we are well-hedged against forex risks. The forex loss in Q3 2024 was mainly due to the Pengerang venture, where the functional currency is USD. It is related to transactions with other resident entities, which needs to be transacted and paid in RM. When the USD weakened in Q3 2024, Pengerang needed more USD to pay the same amount in RM, resulting in an unrealised forex loss. Since PCG holds a 50% interest in Pengerang Petrochemicals Company Sdn. Bhd., we consolidated the loss in our financial statements. We are taking steps to mitigate this unhedged position to minimise the forex exposure.

No.	Question
4.	a) What is our competitive advantage in operations compared to LC Titan?
	b) How does PCG maintain its advantage over time, particularly in terms of feedstock?
	c) I have a question regarding parking. The administrative guide you provided stated that parking is available at the Kuala Lumpur Convention Centre (KLCC) on a first-come, first-served basis. However, I was under the impression that parking would be complimentary based on previous years. The guide also mentioned that if a parking token is lost, it would be complimentary, which led me to believe that all parking would be free. Could you clarify this?
Answer to Question 4 (a) – 4 (c)	
	a) PCG has several key competitive advantages over our competitors. Firstly, PCG has a long history of customer loyalty, with some customers having been with us for more than 30 years. Our ability to adapt and meet changing customer requirements is a significant strength to our business. In Southeast Asia, we hold a leading market position in several jurisdictions, which is driven by our reliable operations and sales commitment. This includes delivering both the required volume and consistent quality, which our customers greatly value. Price management is also crucial on maintaining healthy margins, ensuring that we offer competitive prices while maximising profitability. Additionally, our solid and reliable feedstock sources, especially in Malaysia, gives us a strong competitive edge.
	b) PCG maintains a competitive advantage over time through three main factors: • Fully Integrated Operations: PCG controls the entire process from feed gas to the final product, enabling it to access feedstock at lower costs compared to competitors. This integration reduces dependency on external suppliers and ensures a reliable and cost-effective feedstock supply. • Strategic Location: Located in Southeast Asia, PCG benefits from proximity to key markets, lowering transportation costs and enabling efficient service to its customer base. This positioning allows PCG to maintain a leading market share and optimise the high shipping costs faced by competitors from regions like China and the Middle East. • Modern Facilities: PCG operates cutting-edge, cost-efficient facilities such as its fertiliser plant in Sabah and the Pengerang facility. These modern plants ensure low production costs and high operational efficiency, keeping PCG competitive, especially in Southeast Asia. Together, these factors help PCG maintain its market position, reduce costs, and ensure access to feedstock at competitive rates, allowing it to stay ahead of our competitors.
	c) Thank you for your feedback. Currently, the parking at the KLCC is not complimentary, but we do provide a RM100 SETEL voucher. We take note of your suggestion for the future.

Live-AGM Questions from Shareholders

<table>
<tr><th>No.</th><th colspan="2">Question</th></tr>
<tr><td rowspan="2">5.</td><td>a)</td><td>Can you provide a breakdown of the contributions from Perstorp and the DVG side, and how much each is contributing to the business?</td></tr>
<tr><td>b)</td><td>What is the Board's and management's assessment of Perstorp's performance post-acquisition? Shareholders are concerned that Perstorp is not meeting expected returns, even though the rationale for acquiring Perstorp was clear.</td></tr>
<tr><th colspan="3">Answer to Question 5 (a) – 5 (b)</th></tr>
<tr><td rowspan="2"></td><td>a)</td><td>We do not disclose the specific contributions of Perstorp and DVG in our reports, as they are reported under the Specialties segment. However, as a general guide, around 80-85% of the contribution comes from Perstorp, while the remaining 15-20% comes from DVG.</td></tr>
<tr><td>b)</td><td>When we acquired Perstorp, our goal was to enter the specialty chemicals market, with a strong platform for growth. Perstorp gives us access to important intermediate products such as Polyols and Oxos. While specialty chemicals are generally more robust, intermediate products can be fluctuating, but niche specialty products - which are our focus - are where we see the future growth.

So far, we have been expanding into markets outside of Europe, particularly in East Asia. We have also set up manufacturing plants in India and China to support the growth. Additionally, we are focused on pro-environmental products, such as SynmerseTM DC, which is used for thermal management in data centres. We are also working with a renowned brand to ensure its validation for such use.

Another key product is Akestra™, an innovation that allows Polyethylene Terephthalate (PET) bottles to withstand hot food or beverages, replacing Styrofoam, which is difficult to recycle. This product contributes to sustainability and is gaining traction. Although the market is challenging, we are confident in our ability to weather the difficulties and capture growth in these high-demand areas.

So, while the market is tough, we are seeing innovation and growth, and we expect these efforts to lead to better margins and stronger performance in the future.</td></tr>
<tr><th>No.</th><th colspan="2">Question</th></tr>
<tr><td rowspan="3">6.</td><td>a)</td><td>On page 120 of the Integrated Report on Board Sustainability and Risk, misconduct cases are mentioned. While it is encouraging that the Board is addressing this, the report lacks detail—such as number of cases, outcomes, and resolutions. In future reports, could this be made more substantive? Additionally, can you share what root causes have been identified in misconduct cases and how they are being addressed?</td></tr>
<tr><td>b)</td><td>Regarding the financial statements, segmental reporting appears to be limited. IFRS typically requires disclosure of segmental assets, liabilities, and operations. Given the company now operates across multiple businesses and geographies, why is this not fully disclosed? Could this be considered for future reports?</td></tr>
<tr><td>c)</td><td>On page 51, there is RM3.1 billion in goodwill, but no explanation is provided. Can you clarify what this amount relates to?</td></tr>
</table>

No.	Answer to Question 6 (a) – 6 (c)
	a) We do track misconduct cases and share related statistics and actions taken with our staff through regular engagements. We uphold strong employee engagement and aim for zero tolerance for misconduct. Mitigation actions such as adoption of TRUST principles, our whistleblowing platform, and the Code of Conduct and Business Ethics are actively enforced. We also learned that over 90% of whistleblowing complaints are found to be unrelated or unsubstantiated, which indicates some misuse of the whistleblowing channel. Nonetheless, lessons learned are shared across the organisation, and we remain committed to improving transparency and misconduct prevention.
	b) Before 2019, we had only two segments—Olefins and Derivatives (O&D) as well as Fertilisers and Methanol (F&M). With the acquisitions of DVG and Perstorp, our focus has expanded into specialty chemicals, prompting the introduction of a new "Specialties" segment. We now disclose three segments: O&D, F&M, and Specialties, based on distinct markets and customer profiles. We continuously assess this with the Board and auditors, and if future acquisitions or changes in business justify further segmentation, we will consider it to enhance clarity of disclosure for shareholders.
	c) The RM3.1 billion in goodwill primarily results from premium paid during our acquisitions specifically of DVG and Perstorp. Goodwill reflects the difference between the purchase price (based on their future business value) and the net assets of the acquired entities. We conduct regular assessments to determine if there is a need for impairment. Currently, there is no risk of impairment to the goodwill.
No.	**Question**
7.	a) Given the potential depreciation of the US Dollar and your Company's heavy reliance on USD transactions, what is the correlation and the possible impact if no hedging is applied? Also, with global discussions on alternative payment systems beyond SWIFT—particularly amid threats of tariffs for not using U.S.-controlled systems—are you considering or already using alternative systems? What are the advantages or concerns around making that shift?
	b) PCG made acquisitions based on strategic positioning. However, would you consider disposing of underperforming or non-strategic assets in the future?
	Answer to Question 7 (a) – 7 (b)
	a) Most of our transactions are naturally hedged, except for our operations in Pengerang where the functional currency is in USD. We are actively evaluating options to mitigate this exposure and will update the board and shareholders accordingly. As for payment systems, any USD-based transaction currently requires settlement through U.S. banks. While alternative systems are being discussed globally, any shift would require coordination with customers and suppliers. We are closely monitoring these developments and will act accordingly to mitigate any potential impact.
	b) We regularly evaluate our portfolio, including whether any asset or business no longer aligns with our strategy or underperforms. Because our assets are integrated, we assess decisions carefully to minimise adverse effects to the value chain. Scenario planning is part of our regular review process. We have, in the past, exited underperforming business, for example Vinyl-Chloride Monomer (VCM) business in Kertih. Portfolio high grading is key to our strategy, and we are open to both adding and subtracting assets when necessary.

Live-AGM Questions from Shareholders

No.	Question
8.	a) Given current external challenges affecting performance, and assuming market conditions improve, does the Company have the capacity and capability to improve performance further, especially considering current high utilisation rates of 91%?
	b) Looking at the medium to long term—especially post-FY2022 where performance, ROE, and dividend payout have declined—can PCG return to its "good old days"? If yes, when do you expect this recovery: in 2 years, 10 years, or 20 years?
Answer to Question 8 (a) – 8 (b)	
	a) Operating at 91% utilisation in a tough market shows our operational strength. When market conditions improve, we can push certain plants slightly higher, but always within safe operational limits. We are exploring options such as debottlenecking and capacity expansions that do not require large capital outlays but can quickly capture value as market spreads and prices improve. For bigger expansions, we carefully assess the opportunity while balancing long-term market stability against the huge capital commitment. We aim to act decisively without compromising safety. Rest assured, the Board and management continuously debate how best to position the company to remain strong today and into the future.
	b) While it is difficult to predict exactly when the share price or financial metrics will return to past highs, our long-term strategy is clear. We are actively building up the Specialties segment to contribute at least 30% of our total revenue. This adds resilience alongside our existing O&D (Olefins & Derivatives) and F&M (Fertilisers & Methanol) segments, which help us navigate through market cycles. For instance, during recent downturns, F&M performed better and helped cushion the adverse impact from other segments. Regarding "when" the recovery will come, while it is difficult for us to give a precise timeline, we believe we are near the bottom of the current cycle, driven by overcapacity and geopolitical disruptions. Surviving this low point positions PCG well for the upturn, which may take 2 to 3 years. Our focus is to ensure readiness especially by scaling up Specialties segment by 2030, so we can capitalise fully when the market improves. We remain optimistic and committed to the long-term value creation.
No.	**Question**
9.	a) Why has the directors' remuneration increased by 25% and 66% suddenly, especially in the current uncertain economic climate, even if it is justified as a five-year adjustment—should not the shareholders' interests be considered as well?
	b) Given recent safety incidents, including a fatal electrocution, what steps are you taking to improve safety practices, and would you consider adopting cross-industry training and international best practices from high-safety sectors like aviation?
	c) Can you provide a concise, printed summary or version of the annual report at future AGMs, as not everyone prefers a one-hour speech or digital PDFs, especially older shareholders?
Answer to Question 9 (a) – 9 (c)	
	a) Thank you for the feedback and we will consider that.
	b) You have rightly mentioned that aviation has some of the strictest safety standards. We can learn from the aviation industry and will explore collaboration with the industry.
	c) We initially aimed to go fully paperless but understand that some shareholders prefer printed copies. We will consider this for the next AGM.

No.		Question
10.	a)	Can you provide more details about the benchmark for the directors' remuneration, and the consultants you use?
	b)	What is the rationale behind the joint venture in Pengerang, and what are the strategic advantages?
	c)	Now that the Pengerang plant is in full operation, what will be the total depreciation for the next year, and how will this impact your bottom line?
		Answer to Question 10 (a) – 10 (c)
	a)	An independent consultant was engaged to undertake a benchmarking exercise on the Non-Executive Chairman and Non-Executive Directors' remuneration. Based on the benchmarking analysis, the Company is positioned in the lower quartile (bottom 25%) of the remuneration level. Despite the proposed increase, the proposed fees are still below the middle quartile when compared to the peer companies. Detailed information is available in the Company's response to MSWG which has been published on the Company's corporate website.
	b)	The joint venture in Pengerang was a strategic decision, especially when we entered into a partnership with Aramco. The partner brings critical crude supply security with their vast oil resources, ensuring operational stability. Despite this, we can still source from other places to stay competitive. Additionally, Aramco, along with other partners such as Vopak and Linde, offer expertise, and experience, particularly in refinery, chemicals, tankages and industrial gas sectors. This expertise is crucial, especially as Pengerang is the second most complex integrated plant in the world, making it challenging to start up. It takes time to align cultures and strengths, but over time, this collaboration should strengthen our position. Previous partnerships, such as with BASF, BP, and Japanese partner in aromatics plant, have shown that through collaboration, although challenging at first, yields long-term benefits.
	c)	Regarding depreciation, we do not fully consolidate 100% of Pengerang's results. We only take 50% of the balance sheet and income statement of Pengerang Petrochemicals Company. The full-year depreciation for our 50% share is estimated to be around RM400 million, which will be reflected in our financial statements.

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