

**PETRONAS CHEMICALS GROUP BERHAD (459830-K)**

(Incorporated in Malaysia)

Minutes of the Twentieth (20<sup>th</sup>) Annual General Meeting of the Company held at the Exhibition Hall, Kuala Lumpur Convention Centre, Jalan Ampang, 50088 Kuala Lumpur, Malaysia on Wednesday, 2 May 2018 at 10.30 a.m.

**Present** : Datuk Md Arif Mahmood  
(Chairman and Non-Independent Non-Executive Director)

Datuk Sazali Hamzah  
(Managing Director/Chief Executive Officer)

Ms Vimala V.R. Menon  
(Senior Independent Non-Executive Director)

Datuk William Toh Ah Wah  
(Independent Non-Executive Director)

Mr. Ching Yew Chye  
(Independent Non-Executive Director)

Mr. Dong Soo Kim  
(Independent Non-Executive Director)

En. Zakaria Kasah  
(Non-Independent Non-Executive Director)

Puan Freida Amat  
(Non-Independent Non-Executive Director)

and Members and Proxies as per attendance list

**In Attendance** : Puan Noor Lily Zuriati Abdullah (Company Secretary)  
Mr. Kang Shew Meng (Company Secretary)

**By Invitation** : As per attendance list

**External Auditors** : Mr Thong Foo Vung (Partner - KPMG PLT)

**1.0 NOTICE**

The Notice of the Meeting dated 27 March 2018 was taken as read as it was sent and received by shareholders, the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Auditors of the Company together with the 2018 Annual Report which has also been published on the Company's corporate website.

**2.0 QUORUM**

The required quorum being present, the Chairman called the meeting to order at 10.30 a.m.

CHAIRMAN'S  
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In accordance with the Main Market Listing Requirements, all the proposed resolutions set out in the Notice of the Twentieth Annual General Meeting ("20<sup>th</sup> AGM") would be put into consideration through poll vote. The voting process would be carried out after the discussion of all agenda items of the meeting.

The Meeting was informed that the total number of shareholders and proxies present at this Annual General Meeting ("AGM") was 1,161 and that represent a total of 1,507,809,813 shares. The Chairman had been appointed by the shareholders as proxy representing 992,408,017 shares, which represent 65.82% of the total voting rights at this AGM.

All resolutions at this AGM require a simple majority vote.

### 3.0 PRESENTATION

Before the Chairman proceeded with the business of the meeting, the Chairman invited Datuk Sazali bin Hamzah, the Managing Director/Chief Executive Officer of the Company to deliver his presentation on the performance of the Company for the financial year ended 31 December 2017.

Datuk Sazali thanked the shareholders for their attendance and shared his presentation that covered the highlights on the Company's performance in 2017, PCG's moving forward and the outlook for 2018.

After the said presentation, the Chairman thanked Datuk Sazali for the presentation and proceeded with the business of the meeting.

### 4.0 TO RECEIVE THE AUDITED FINANCIAL STATEMENTS AND REPORTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2017 having been circulated to all the members of the Company within the prescribed period were tabled to the Meeting.

The Chairman then informed that the Company received a list of questionnaires from the Minority Shareholders Watch Group ("MSWG") of which, the Company had responded to ahead of this AGM. The Chairman informed that the Company's response to the queries was displayed on the LCD screen at the foyer outside the meeting hall.

The Chairman then invited Puan Noor Lily Zuriati Abdullah, the Company Secretary, to read out the MSWG's questions and Datuk Sazali bin Hamzah to read out the Company's responses to the said questions. After dealing with the foregoing, the Chairman then invited Members present to put forth questions relating to the reports and financial statements.

The following key matters raised by the shareholders and/or proxies and the responses from the Board at the Meeting were noted:-

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NO	ISSUES
<b>FINANCIAL/OPERATIONAL</b>	
1.	In response to the query on the percentage of specialty chemical portfolio that the company is targeting to go into in the next 3 years, the Meeting was informed that currently, the portfolio percentage is 5%. The Company is projecting to grow the portfolio to approximately 25% in the next 20 years.
2.	In relation to the question raised whether the Company is able to increase the production facilities at Sipitang for urea and ammonia, the meeting was informed that the Company requires some time to stabilise the new start-up plant. Currently, the Company has achieved 90% utilisation rate.
3.	In relation to the Aroma Plant in Gebeng, which has been commissioned early this year, the meeting noted that it is the first plant of its kind in the Asia region. The plant is expected to contribute good margin for the Group.
4.	In respect of the expected production volume for HR-PIB, the production for HR-PIB is around 50,000 MT per annum and utilisation rate is expected to gradually increase over time.
5.	With regard to the industry competition landscape, the meeting noted that PCG has the advantage as it is located in the region which is currently growing. The population around the whole Asia Pacific is about 4 billion people with China and India moving to middle class consumers. ASEAN has now become a consuming nations. Such changes increase the demand of our products because people need more cars, food, luxury items, etc. Also, in PCG we put priority on operation excellence, running the plant well, ensuring the stability of the plant and servicing the customers well. The Company foresees that the industry outlook is good in view of the growing market.
6.	On the shareholder's comment that the Company has the advantage when it comes to feedstock cost, the Management informed that although there are advantages of having gas feedstock supply from the parent company, PCG also has other competitive advantages such as being logistically close to the growing market and is flexible in terms of ability to meet customers' requirements. The Company has also invested in R&D in order to provide solutions that could contribute to customers' business growth.
7.	On a question regarding how China environmental policies affect PCG and its business, the Meeting noted that China has tightened their regulations on environment. As a result, a lot of coal based plants have reduced their capacity resulted in an acute shortage of product domestically. This gives PCG an advantage to supply to China. Environmental regulations are getting stricter going forward and potentially India will be implementing the same control and all these would create opportunities for PCG.
8.	In response to the query on PCG estimated CAPEX, the Company's annual operational CAPEX is about RM700 to RM800 million.
9.	On the question posed with regard to possibility of having more offices in China due to its huge market, the Company will evaluate the need to open more offices in China depending on customers' profile and their locations.

CHAIRMAN'S  
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NO.	ISSUES
<b>FINANCIAL/OPERATIONAL</b>	
10.	In respect of the reduction in staff cost in 2017, the Meeting was informed that the Company has a program called "Recruit & Train" to prepare staff for operations particularly for the Pengerang Integrated Complex in Johor, which allows PCG to back charge the cost to PETRONAS.
11.	In response to the query if the Company is comfortable with the half-yearly review, the BAC Chairman informed that quarterly limited review is not commonly practiced by other listed issuers. Currently, the Board is comfortable with the half yearly review. PCG may consider to have a quarterly limited review if there are more issues that needed further attention.
12.	With regard to the question on how the Company manages foreign currencies fluctuation, the Board informed that the Company does not do paper hedging. The Company's projects and income are in US dollar.
13.	On the issue raised in respect of a possibility of the Company issuing bonus issue following the abolishment of the par value regime under the Companies Act 2016, the meeting was informed that the Company has no plan to declare a bonus issue for the time being.
14.	The Company noted the increasing trend of professionals leaving the country for higher pay jobs in the middle east countries and re-assured the shareholders that the Company has in place manpower strategies to address the issue.
<b>GOVERNANCE</b>	
15.	The Board took note of the comments made by MSWG's representative in respect of disclosure under the MCCG 2017 in respect of the MD's salaries and benefits and Audit Committee training attendance.  With regard to the recommendation of setting up a Board Risk Management Committee, the Board shall review and set-up accordingly, if required.
<b>ADMINISTRATIVE</b>	
16.	The Board noted the request to increase the number of plant visits for the shareholders.

After dealing with all the questions raised, the Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon were received and noted.

## 5.0 **ORDINARY RESOLUTIONS 1 - 3 ON RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 93 OF THE COMPANY'S CONSTITUTION**

The Chairman informed that Ordinary Resolutions No. 1 to 3 were in respect of the re-election of Vimala V.R. Menon, Zakaria Kasah and himself pursuant to Article 93 of the Company's Constitution. He also informed that the retiring directors, had given their respective consents and offered themselves for re-election.



The Chairman informed that since he was one of those standing for re-election, he would pass the chair to Datuk William Toh Ah Wah ("Datuk William Toh"), the Chairman of the Nomination and Remuneration Committee to chair the meeting to carry the above motion.

Datuk William Toh informed that the Directors subject to re-election under Article 93 of the Company's Constitution were: -

- (i) Datuk Md Arif Mahmood;
- (ii) Vimala V.R. Menon; and
- (iii) Zakaria Kasah

It was noted that the Board had agreed to recommend the re-election of Datuk Md Arif Mahmood, Vimala V.R. Menon and Zakaria Kasah as endorsed by the Nomination and Remuneration Committee the following motions were then put to the meeting for consideration: -

**5.1 ORDINARY RESOLUTION 1 – RE-ELECTION OF DATUK MD ARIF MAHMOOD**

"THAT Datuk Md Arif Mahmood retiring in accordance with Article 93 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

**5.2 ORDINARY RESOLUTION 2 – RE-ELECTION OF VIMALA V.R. MENON**

"THAT Vimala V.R. Menon retiring in accordance with Article 93 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

**5.3 ORDINARY RESOLUTION 3 – RE-ELECTION OF ZAKARIA KASAH**

"THAT Zakaria Kasah retiring in accordance with Article 93 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

The chair was passed back to Datuk Md Arif Mahmood after dealing with the above items of the agenda.

**6.0 ORDINARY RESOLUTION 4 – PROPOSED INCREASE IN DIRECTORS' FEES AND ALLOWANCES FOR THE NON-EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018**

The Meeting proceeded with agenda item no. 3 on the proposed increase of the Directors' fees and allowances payable to Non-Executive Chairman and Non-Executive Directors for the financial year ending 31 December 2018.

The following proposals in respect of Directors' fees were made to the shareholders: -

- (a) Ringgit Malaysia Two Hundred and Eighty-Eight Thousand (RM288,000) per annum for the Non-Executive Chairman; and
- (b) Ringgit Malaysia One Hundred and Forty-Four Thousand (RM144,000) per annum per director for the Non-Executive Directors.

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In addition, a proposal of fuel allowance of Ringgit Malaysia Six Thousand (RM6,000) per annum per director for the Independent Non-Executive Directors was also made to the shareholders.

The following motion was then put to the Meeting for consideration: -

**"THAT** the increase in the payment of Directors' fees to Ringgit Malaysia Two Hundred and Eighty-Eight Thousand (RM288,000) per annum to the Non-Executive Chairman and Ringgit Malaysia One Hundred and Forty Four Thousand (RM144,000) per annum per director for the Non-Executive Directors and fuel allowance of Ringgit Malaysia Six Thousand (RM6,000) per annum per director for the Independent Non-Executive Directors for the financial year ending 31 December 2018 be and are hereby **APPROVED.**"

#### 7.0 ORDINARY RESOLUTION 5 – PROPOSED PAYMENT OF DIRECTORS' FEES AND ALLOWANCES TO THE NON-EXECUTIVE DIRECTORS FOR THE PERIOD FROM 1 JANUARY 2018 UNTIL THE NEXT ANNUAL GENERAL MEETING

The Meeting proceeded with agenda item no. 4 on payment of Directors' fees and allowances of up to Ringgit Malaysia Two Million and Six Hundred Thousand (RM2,600,000.00) with effect from 1 January 2018 until the next AGM of the Company payable to Non-Executive Directors.

The Meeting was also informed that the Directors' fees and allowances for the Non-Executive Directors for the period from 1 January 2018 until the conclusion of the next AGM ("FYE2018/2019") were calculated based on the number of scheduled Board's and Board Committees' meetings and on assumption that all the Non-Executive Directors would remained in office until the next AGM. The passing of resolution 5 was to facilitate payment of the Directors' fees and allowances for FYE2018/2019.

The following motion was then put to the Meeting for consideration: -

**"THAT** the payment of Directors' fees and allowances of up to Ringgit Malaysia Two Million and Six Hundred Thousand (RM2,600,000.00) with effect from 1 January 2018 until the next Annual General Meeting of the Company payable to Non-Executive Directors be and is hereby **APPROVED.**"

#### 8.0 ORDINARY RESOLUTION 6 - APPOINTMENT OF AUDITORS

The meeting then proceeded to consider the re-appointment of KPMG PLT as Auditors of the Company.

The Chairman informed that KPMG had expressed their willingness to continue office. Therefore, the following motion was put to the meeting for consideration: -

**"THAT** KPMG PLT be and are hereby re-appointed auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be and are hereby authorised to determine their remuneration."

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**9.0 ANY OTHER BUSINESS**

The last item on the agenda for the meeting was to transact any other business of which due notices shall have been received in accordance with the Companies Act, 2016. The Meeting noted that no notice of any other business for transacting at the meeting was received.

As such, the Meeting proceeded to take the poll on all the resolutions tabled.

**10.0. TAKING OF POLL AND ANNOUNCEMENT OF RESULT**

The Meeting was then briefed on the procedure of the e-polling and proceeded to take the poll on the proposed resolutions.

The Chairman informed that the Company had appointed Symphony Corporatehouse Sdn. Bhd. ("Scrutineer") as the independent scrutineer to validate the votes cast at this meeting.

At 12.30 p.m., the meeting was adjourned to facilitate voting and counting of votes.

The meeting resumed at 12.50 p.m. and the following poll results was announced: -

Ordinary Resolutions	Voted For		Voted Against	
	No. of Shares	%	No. of Shares	%
Resolution 1 - Re-election of Datuk Md Arif Mahmood	7,330,633,965	99.694	22,472,679	0.306
Resolution 2 - Re-election of Vimala V.R. Menon	7,349,375,964	99.940	4,426,050	0.060
Resolution 3 - Re-election of Zakaria Kasah	7,339,485,385	99.805	14,328,629	0.195
Resolution 4 - Increase of Directors' fees and Allowances to the Non-Executive Directors and Fuel Allowances to Independent Non-Executive Directors for the financial year ending 31 December 2018	6,636,365,430	92.115	568,082,934	7.885
Resolution 5 - Payment of Directors' fees and Allowances to the Non-Executive Directors for the FYE2018/2019	6,636,364,764	92.115	568,084,150	7.885

CHAIRMAN'S INITIALS



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Ordinary Resolutions	Voted For		Voted Against	
	No. of Shares	%	No. of Shares	%
Resolution 6 - Appointment of KPMG PLT as Auditors	7,353,115,230	99.883	8,587,184	0.117

The Chairman then declared that all the resolutions set out in the Notice of the 20<sup>th</sup> AGM of the Company were carried.

### CLOSURE

There being no further business, the meeting closed at 1.00 p.m. with a vote of thanks to the Chairman.

### CONFIRMED CORRECT



CHAIRMAN

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