

PETRONAS CHEMICALS GROUP BERHAD

Company No.: 199801003704(459830-K)
(Incorporated in Malaysia)

The Minutes of the Twenty-Second (22nd) Annual General Meeting (“AGM”) of the Company held at Meeting Room 4003, Level 40, Tower 1, PETRONAS Twin Towers, 50088 Kuala Lumpur (“Broadcast Venue”) on Tuesday, 16 June 2020 at 10.00 a.m.

- Present at the Broadcast Venue** : **Board of Directors** :
- Datuk Md Arif bin Mahmood
(Chairman and Non-Independent Non-Executive Director)
- Datuk Sazali bin Hamzah
(Managing Director/Chief Executive Officer)
- Datuk William Toh Ah Wah
(Senior Independent Non-Executive Director)
- Company Secretary** :
Ms Hasnizaini binti Mohd Zain
- Chief Financial Officer**:
Madam Rashidah binti Alias
- Directors Present (via Video Conferencing)** : **Board of Directors** :
- Mr Warren William Wilder
(Independent Non-Executive Director)
- Madam Yeoh Siew Ming
(Independent Non-Executive Director)
- Dr Zafar Abdulmajid Momin
(Independent Non-Executive Director)
- Mr Noor Ilias bin Mohd Idris
(Non-Independent Non-Executive Director)
- Madam Freida binti Amat
(Non-Independent Non-Executive Director)
- In Attendance (via Video Conferencing)** : Mr Kang Shew Meng (Company Secretary)
Mr Thong Foo Vung (Partner - KPMG PLT)
- Poll Administrator** : Representative from Tricor Investor & Issuing House Services Sdn Bhd
- Scrutineers** : Representatives from BoardRoom Corporate Services Sdn Bhd.

Shareholders and proxies Attendance (participated through Remote Participation and Voting ("RPV") Platform)

The number of shareholders who participated via RPV platform at commencement the meeting was 82, and the total number of shareholders who had at any point of time participated in the virtual meeting was 499. (refer list of attendance)

By Invitation (via live streaming)

As per the attendance list

1.0 NOTICE

The notice convening the meeting was tabled and taken as read.

The Company have notified the shareholders on the change of the conduct of the AGM to a fully virtual meeting via the RPV application, together with the instructions in the Administrative Details on 22 May 2020. The same was also published through the announcement to Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Company's Corporate website respectively.

2.0 QUORUM, SHAREHOLDERS AND PROXIES DETAILS

Upon confirmation by the Company Secretary on the presence of the requisite quorum, the Chairman called the meeting to order.

The shareholders were informed that in compliance with the Main Market Listing Requirements of Bursa Malaysia, all proposed resolutions of this AGM would be voted by poll. The shareholders were further informed that in this meeting, the poll would be by way of e-polling which was to be undertaken at the end of the meeting after the proposed resolutions of this Meeting have been tabled.

The total number of shareholders and proxies present at this AGM was 82, which represented a total of 1,438,838,137 shares. The Chairman informed that he was appointed by the shareholders as proxy representing 5,909,825,832 shares, which represented 73.87% of the total voting rights at this AGM.

The shareholders were also informed that all resolutions at this meeting required a simple majority vote.

3.0 PROCEDURES FOR MEETING/INTRODUCTION TO RPV

The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") as Poll Administrator to conduct the polling process, and Boardroom Corporate Services Sdn Bhd ("Boardroom") as Independent Scrutineers to verify the poll results.

The voting session had commenced from the start of the meeting at 10.00 a.m. until the Chairman announced that the voting session was closed.

4.0 PRESENTATION

Before the Chairman proceeded with the business of the meeting, the Chairman invited Datuk Sazali Hamzah, the Managing Director/Chief Executive Officer (“MD/CEO”) of the Company to deliver his presentation on the performance of the Company for the financial year ended 31 December 2019.

Datuk Sazali thanked the shareholders for their attendance and shared his presentation that covered the highlights on the Company’s performance in 2019, PCG’s moving forward and the outlook for 2020.

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

The Chairman informed the shareholders that the Company received a list of questions from the Minority Shareholder Watch Group (“MSWG”) on 6 May 2020 and had responded to the MSWG on their queries ahead of this AGM. With this, the Chairman also thanked MSWG for its invaluable contribution in helping to improve the Company’s Corporate Governance reporting.

For the benefit of the shareholders, the Chairman then invited Cik Hasnizaini Mohd Zain, the Company Secretary to read out the questions from MSWG where Datuk Sazali Hamzah thereupon responded to the said questions accordingly, which responses had also been published on the Company’s Corporate website.

5.0 AGENDA ITEM NO. 1: AUDITED FINANCIAL STATEMENTS AND REPORTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2019 (“AFS”) having been circulated to all the members of the Company within the prescribed period were tabled to the meeting.

The Chairman explained that the Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2019 were for discussion only as it did not require shareholders’ approval. Hence, it would not be put for voting.

He then declared that the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon were received and noted.

**6.0 AGENDA ITEM NO. 2:
RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 107 OF THE COMPANY'S
CONSTITUTION**

The Chairman informed that in view that he would be standing for re-election, he handed over the Chairmanship to Datuk Sazali Hamzah being the MD/CEO of the Company for this item.

The Chairman informed that at this AGM, two directors would be retiring in accordance with *Article 107 of the Company's Constitution*. They were Datuk Md Arif Mahmood and Datuk Toh Ah Wah. He also informed that Datuk Md Arif Mahmood and Datuk Toh Ah Wah had given their respective consents and offered themselves for re-election.

The Board had endorsed the Nomination and Remuneration Committee ("NRC")'s recommendation that the Directors who retire in accordance with *Article 107 of the Company's Constitution* were eligible to stand for re-election.

The Chairman then put forth the following resolutions for the shareholders' consideration:

6.1 Ordinary Resolution 1 – Re-Election of Datuk Md Arif Mahmood

"THAT Datuk Md Arif Mahmood retiring in accordance with *Article 107 of the Company's Constitution*, be and is hereby re-elected as a Director of the Company."

6.2 Ordinary Resolution 2 – Re-Election of Datuk Toh Ah Wah

"THAT Datuk Toh Ah Wah retiring in accordance with *Article 107 of the Company's Constitution*, be and is hereby re-elected as a Director of the Company."

**7.0 AGENDA ITEM NO. 3:
RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 100 OF THE COMPANY'S
CONSTITUTION**

The Chairman informed that at this AGM, two directors would be retiring in accordance with *Article 100 of the Company's Constitution*. They were Madam Yeoh Siew Ming and Mr Noor Ilias Mohd Idris. He also informed that both directors had given their respective consents and offered themselves for re-election.

The Chairman highlighted that the Board had agreed to recommend the re-election of Madam Yeoh Siew Ming and Mr Noor Ilias Mohd Idris as endorsed by the NRC and recommended the following resolutions for the shareholders' consideration:

7.1 Ordinary Resolution 3 – Re-Election of Madam Yeoh Siew Ming

“THAT Madam Yeoh Siew Ming retiring in accordance with *Article 100 of the Company’s Constitution*, be and is hereby re-elected as a Director of the Company.”

7.2 Ordinary Resolution 4 – Re-Election of Mr Noor Ilias Mohd Idris

“THAT Mr Noor Ilias Mohd Idris retiring in accordance with *Article 100 of the Company’s Constitution*, be and is hereby re-elected as a Director of the Company.”

**8.0 AGENDA ITEM NO. 4:
TO APPROVE DIRECTORS’ FEES AND ALLOWANCES PAYABLE TO
NON-EXECUTIVE DIRECTORS OF UP TO RM2,500,000 WITH EFFECT FROM
17 JUNE 2020 UNTIL THE NEXT AGM OF THE COMPANY**

The Chairman proceeded with agenda item no. 4 on the payment of Directors’ fees and allowances to Non-Executive Directors (“NED”) of up to RM2,500,000 with effect from 17 June 2020 until the next AGM of the Company payable to Non-Executive Directors.

The Directors’ fees and allowances for the Non-Executive Directors for the period from 17 June 2020 until the conclusion of the next AGM (“FYE2020/2021”) were calculated based on the estimated number of scheduled Board and Board Committees meetings and on the assumption that all the Non-Executive Directors would remain in office until the next AGM. This resolution was to facilitate payment of the Directors’ fees and allowances for the Financial Year Ended 2020/2021.

Datuk Chairman then put the following resolution to the shareholders for their consideration:

“THAT the payment of Directors’ fees and allowances of up to RM2,500,000 with effect from 17 June 2020 until the next Annual General Meeting of the Company payable to Non-Executive Directors, be and is hereby **APPROVED**.”

**9.0 AGENDA ITEM NO. 5:
ORDINARY RESOLUTION 6 – RE-APPOINTMENT OF KPMG PLT AS AUDITORS
OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 AND
TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman informed the shareholders that the Board recommended to the shareholders for approval of the re-appointment of KPMG PLT as Auditors of the Company who would hold office until the conclusion of the next AGM, and to authorise the Directors to determine their remuneration.

The auditors, KPMG PLT, had expressed their willingness to continue office.

The Chairman then put the following resolution to the shareholders for their consideration:

"**THAT** KPMG PLT be and are hereby re-appointed as 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."

**10.0 AGENDA ITEM NO. 6:
 ANY OTHER BUSINESS**

The last item on the agenda for this AGM was to transact any other business of which due notices shall have been received in accordance with the Companies Act 2016. The Company Secretary confirmed that the Company had not received any notice for transaction of any other business in this meeting.

11.0 QUESTION & ANSWER SESSION

The shareholders were informed that the Company had also received questions prior to and during the AGM. The shareholders were earlier notified that due to time constraints, the questions received, and the responses would also be published in the Company's Corporate website after the conclusion of the AGM. The Chairman addressed the following pre submitted questions received from the shareholders/proxies:

NO.	ISSUES
GIFTS	
1.	In response to the query from several shareholders on whether the company would be providing gift to shareholders who attended the meeting, the Chairman replied for this year's AGM, gifts or vouchers including e-vouchers would not be provided.
PRE-AGM QUESTION	
2.	<p>[Shareholder] queried on whether the group had continued to operate during MCO period.</p> <p>The Chairman replied that PCG has continued to operate throughout the MCO period by implementing necessary precautionary measures to ensure the safety of our employees and as presented by MD/CEO during AGM, measures taken to ensure continuous business activities include:</p> <ul style="list-style-type: none"> (i) Work from Home for non-essential personnel (ii) Operating at minimum manning to adhere to MITI's requirement (iii) Temperature & health screening (iv) Collaborated with local authorities & services providers to ensure uninterrupted supply chain & timely delivery to our customers (v) Continue to explore alternative markets & new customers to maximise volume

NO.	ISSUES
3.	<p>[Shareholder] queried on the current utilisation rate on both Olefins and Derivatives ("O&D") segment and Fertilisers and Methanol ("F&M") segment.</p> <p>The Chairman responded that the Company's plant utilisation rates are above 90% for both O&D and F&M segments and as at Q1 2020, plant utilisation rates for both segments are higher compared to Q4 2019.</p>
4.	<p>[Shareholder] queried on how much is the correlation between crude oil price and group performance.</p> <p>The Chairman explained that some products have certain level of correlation, but others do not. Hence, it is difficult to directly correlate to group performance.</p>
5.	<p>On a question posed by five shareholders with regard to outlook on crude oil price.</p> <p>The Chairman explained that the Company do not normally comment on crude oil prices outlook. As there is a positive trend of crude oil prices, the Company expected the prices to improve gradually if there is no second wave of COVID-19.</p>
6.	<p>[Shareholder] queried on what is the prospective outlook for petrochemicals industry, vis-a-vis the Company's competitors locally and overseas and whether the Company can maintain the edge over its competitors and his/her comments to look into how to benefit or increase shareholder's value.</p> <p>The Chairman responded as follows:</p> <ul style="list-style-type: none"> • As explained in our response to MSWG queries, the short-term challenging outlook is temporary and we believe the market will improve towards the end of the year and into 2021. • We believe that we will maintain our level of competitiveness moving forward. • All our efforts and strategies are towards creating sustainable growth and value.
7.	<p>[Shareholder] queried on rivals in the region for petrochemical hubs being built(e.g.: ChemOnePengerang, LC Titan-Indonesia, Beca/SinopecLawas) and whether they are direct competitors and a threat to the Company. Will there be an oversupply risk in the future and what are the Company's competitive advantages compared to rivals.</p>

NO.	ISSUES
	<p>The Chairman explained that the construction of new petrochemical hubs is a positive indication that the industry is growing and there will be short term margin pressure but in the long term it is healthy.</p>
8.	<p>[Shareholder] queried on the acquisition of Da Vinci Group (DVG), on its net assets, debt and goodwill generated from the purchase and whether the Company overpay or paid a good price for the acquisition.</p> <p>The Chairman explained that the net identifiable assets and liabilities on the acquisition date was RM77 million with a goodwill of RM583 million as disclosed in the Governance and Financial Report, page 151.</p> <p>It is worth to note that specialty chemicals companies are typically asset light with significant goodwill, where the real value is more concentrated towards customer solutions, know-how and brand.</p> <p>At the point of purchase, we believe that we purchased at fair value taking into consideration the synergy and future value that we expect to realise from the investment and have the opportunity to grow further.</p>
9.	<p>[Shareholder] queried on the acquisition of DVG, on the number of employees, revenue per employee and on the historical return on equity of DVG.</p> <p>The Chairman responded that in 2019, DVG had approximately 300 employees globally, the revenue per employee for 2019 was about RM2.8 million and DVG's last 3 years' average return on equity is around 18%.</p>
10.	<p>[Shareholder] queried on the annual growth rate expected from DVG's acquisition and the estimated profit margin from the expected growth market.</p> <p>The Chairman responded as follows:</p> <ul style="list-style-type: none"> • Demand for Silicones historically grows at GDP plus although some short-term disruption expected due to COVID-19. Based on current estimates, DVG's EBITDA will contribute around 3% to PCG Group's EBITDA in the next 5 years. • Generally, DVG's profit margin is better than basic petrochemicals plants, typically above two-digit numbers, driven by the value of specialty solutions it provides to customers.

The Company received 53 live questions and 17 pre-submitted questions from shareholders. The responses for the remaining questions would be published in the Company's website after the meeting.

12.0 REMOTE VOTING

For the benefit of the shareholders, the Chairman informed that he had been appointed to act as proxy for a number of shareholders and shall vote in accordance with the instructions given.

The Chairman declared the commencement of voting session and the adjourned the meeting at 11.00 a.m. for remote voting.

The poll results were handed over to the Scrutineers for validation.

13.0 ANNOUNCEMENT OF POLL RESULTS

The Chairman called the meeting to order at 11.20 a.m. for the declaration of poll results which have been verified by the Scrutineers, as follows:

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 To re-elect Datuk Md Arif Mahmood who retire by rotation pursuant to Article 107 of the Company's Constitution	7,335,732,353	99.6600	25,059,756	0.3400	Accepted
Ordinary Resolution 2 To re-elect Datuk Toh Ah Wah who retire by rotation pursuant to Article 107 of the Company's Constitution.	6,681,159,979	90.7550	680,575,750	9.2450	Accepted
Ordinary Resolution 3 To re-elect Madam Yeoh Siew Ming who was appointed during the year pursuant to Article 100 of the Company's Constitution	7,360,424,673	99.9820	1,312,056	0.0180	Accepted
Ordinary Resolution 4 To re-elect Mr Noor Ilias Mohd Idris who was appointed during the year pursuant to Article 100 of the Company's Constitution.	7,344,953,416	99.7720	16,786,313	0.2280	Accepted

PETRONAS CHEMICALS GROUP BERHAD 199801003704 (459830-K)
Minutes of the Twenty-Second Annual General Meeting held on 16 June 2020

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 5 To approve the Directors Fees and Allowances payable to the Non-Executive Directors of up to an amount of RM2.5 million with effect from 17 June 2020 until the next Annual General Meeting of the Company.	7,126,854,599	99.0480	68,478,030	0.9520	Accepted
Ordinary Resolution 6 To approve the re-appointment of KPMG PLT, as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration.	7,332,048,967	99.6020	29,317,902	0.3980	Accepted

Based on the poll results, the Chairman then declared that all resolutions tabled at the AGM were carried.

14.0 END OF MEETING

The Chairman informed the shareholders that they could provide their feedback on the conduct of this AGM through Securities Commission Online Survey which was available on their website.

On behalf of the Board of Directors and Management of the Company, Datuk Chairman have extended his appreciation to the shareholders who attended the AGM and for their continued support to the Company.

There being no further business, the meeting ended at 11.30 a.m.

CONFIRMED AS CORRECT MINUTES

-SIGNED-

DATUK MD. ARIF MAHMOOD
CHAIRMAN

[This version is for the purpose of uploading to the Company's corporate website]