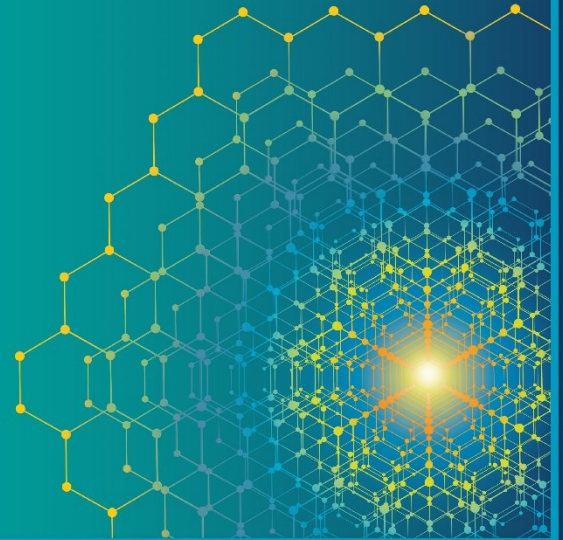


# PETRONAS CHEMICALS GROUP BERHAD

23<sup>rd</sup> Annual General Meeting

*Annual General Meeting  
Questions & Answers  
22 April 2021*



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

## Gifts

No.	Question
1.	Please give PETRONAS voucher. Thank you.
2.	Please give e-voucher. Thank you.
3.	Dear BOD, kindly give us some e-vouchers or e-wallet for being loyal shareholders and attending this meeting. Times are bad now. Thank you.
4.	Appreciate e-voucher, please.
5.	In this second virtual AGM, we, participants expect a door gift / e-voucher / e-wallet as a token of appreciation.
6.	Please give e-vouchers. Thank you.
7.	In this second virtual AGM, we, participants expect a door gift / e-voucher / e-wallet as a token of appreciation.
8.	Good morning. Appreciate e-wallet to tide over COVID-19 storm. Thank you.
9.	Good morning, e-wallet please, to tide over COVID-19 storm. Thank you.
10.	Please give us PETRONAS SETEL e-vouchers for shareholders/proxies attending the Remote Participation and Voting (RPV) AGM today.
11.	Since this is the second virtual AGM, I humbly request BOD to give e-voucher and/or e-wallet credit (in lieu of light refreshments during physical AGM) to minority shareholders as a token of appreciation.
12.	Can the Board kindly consider giving us PETRONAS SETEL e-vouchers as reward for shareholders who participate in this virtual AGM? Thank you. I would like to request for a printed hard copy of the company annual report.
13.	Kindly reconsider to give door gift as token. In the past, we could get RM100 Mesra card during Physical AGM. Look forward to your door gift.
14.	Please give us PETRONAS SETEL e- voucher as a token of appreciation for attending this RPV. Thank you.
15.	Any vouchers?
16.	Please consider giving door gift like e-wallet.
17.	Good morning Mr. Chairman and Board of Directors. I wish to request for PETRONAS Reloadable Gift Card as a token for this AGM. Thank you in advance for your kind consideration.
18.	Kindly reward shareholders/proxies PETRONAS SETEL for attending the RPV AGM today. Thank you.
19.	Please forward door gifts. Thank you.
20.	Any door gifts?
21.	Any door gifts?

## Gifts

No.	Question
22.	Mr Chairman. Kindly provide e-vouchers to shareholders who attend RPV.
23.	Vouchers please. Thank you.
24.	Is the company giving petrol voucher as door gift to shareholders attending this virtual AGM?
25.	Dear Sir, we will highly appreciate if the shareholders could be given Touch n Go e-wallet as a door gift for attending the AGM. Thank you.
26.	Pls provide e-voucher for this virtual meeting.
27.	Is there any door gift?
28.	We would appreciate your appreciation towards shareholders and proxies who have taken the effort to register and then vote at your virtual AGM (whom are also in anticipation of door gift/voucher), by rewarding them with e-voucher. Thank you.
29.	BOD, with savings from holding the AGM via RPV, kindly consider to reward shareholders with e-products (PETRONAS petrol card), e-vouchers or e-wallet reload. Thanks.
30.	Datuk Chairman, please consider giving those who attend this AGM e-voucher. Thanking you in advance.
31.	Vouchers please. Thank you.
32.	Vouchers please. Thank you.
33.	Good Morning BOD, looking forward to your reconsideration for door gift as a token of appreciation as cost is lower as compared to physical meeting.
34.	We would appreciate if the Board could be kind enough to provide some form of e-vouchers for those attending. Thanks.
35.	Are you giving shareholders SETEL e-vouchers? If not, please consider. Thank you.
36.	We would greatly appreciate it if the Board could be kind enough to provide some form of e-vouchers. Thanks a lot.
37.	Any vouchers?
38.	Mr. Chairman, we loyal shareholders are taking time & efforts to register, go online & vote for the AGM. We would appreciate that the company reward us appropriately with Touch & Go credits or post some food vouchers to us. Thank you.
39.	Mr. Chairman, please give e-wallet credits (e.g. Touch & Go) to us loyal minority shareholders voting today. Thank you.
40.	Dear Chairman, we request Mesra card @ RM100 for this RPV meeting. Thank you for your response and thank you in anticipation.

## Gifts

No.	Question
41.	Mr Chairman, as shareholders cannot physically attend the AGM and partake in the food & festivities, it will be good if the company can reward us with a RM100 Touch & Go e-wallet credit so that we can also celebrate by having a good meal. Thank you.
42.	Hi, good morning. Keep up the good job. Kindly distribute door gifts or e-voucher to shareholders and participants. Thank you.
43.	Hope the Board of Directors will give us faithful shareholders shopping vouchers. Thank you.
44.	Any token of appreciation for shareholders who have participated in today's AGM?
45.	Any e-wallet for shareholders?
46.	Any door gifts given by the company?
<b>Answer to question number 1 to 46:</b>	
<ul style="list-style-type: none"><li>• Shareholders participating in the AGM on 22 April 2021 will be given RM50 SETEL top-up vouchers. Details will be emailed within 5 working days from the date of AGM.</li><li>• These vouchers can be used at all PETRONAS' petrol stations.</li><li>• We take note on the request for hardcopy annual report and we will make the necessary arrangement.</li></ul>	

## Performance & Outlook

No.	Question
47.	Given the global response to tackle the impact of the COVID-19 pandemic, when do you expect the company's revenue and profit performance to reach at least pre-pandemic levels and what extra measures are our company taking to realise this instead of just relying on the environment to improve?
<b>Answer:</b>	
<ul style="list-style-type: none"> <li>• There are still uncertainties and challenges ahead as the ongoing COVID-19 pandemic makes it difficult to predict how the situation will evolve.</li> <li>• PCG is cautious of the need to stay prudent, with disciplined cost management and optimisation being the top priority.</li> <li>• PCG will continue to maintain strong financial position by balancing risk, growth and returns in all our decisions.</li> <li>• With a robust balance sheet, it allows PCG to stay on the growth trajectory. In the upcoming year, PCG expects to continue investing in growth projects for derivatives and specialty chemicals.</li> </ul>	
No.	Question
48.	There are a number of new big petrochemical plants being built and will come into operation in the next few years. This will significantly add more new capacities to the Asia Pacific region. Is the Management concerned about these oversupply and margin compression issues? What are our strategies to encounter these issues?
<b>Answer:</b>	
<ul style="list-style-type: none"> <li>• Given our diverse portfolio mix, strong customer relationship, reliability of supply, proximity to market and secured term contract, PCG will be able to navigate the impact of oversupply.</li> <li>• We will continue to maintain our operational efficiency and cost-to-serve to cushion potential margin compression.</li> <li>• In the long term, the addition of specialty chemicals in our product portfolio will make us more resilient against market changes.</li> </ul>	

## Performance & Outlook

No.	Question
49.	What is the projection of profit for the next 3 years?
50.	Future earnings of the company?
<b>Answer to question number 49 and 50:</b>	
<p>We do not provide specific profit guidance. However, our results are expected to be primarily influenced by:</p> <ul style="list-style-type: none"><li>• Global economic conditions affecting the chemicals supply-demand;</li><li>• Petrochemical product prices which have a high correlation to crude oil price;</li><li>• Utilisation rate of our production facilities; and</li><li>• Foreign exchange movement.</li></ul> <p>For oil and chemicals industries, prices have shown improvements starting from Q4 2020. As of Q1 2021, market prices have recovered although its stability remains uncertain. While we are optimistic of the future, we remain cautious of potential disruptions.</p>	

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## Dividend

No.	Question
51.	Will the Board consider giving Bonus share for PETRONAS Chemicals?
<b>Answer:</b>	
As explained in our response to the pre-submitted AGM questions, for now, we have no plans to declare any bonus issue and will continue to pay dividend based on our Dividend Policy of around 50% Group Profit After Tax and Non-Controlling Interest (PATANCI).	
No.	Question
52.	What are your plans when the company faced a drop in profit in response to justify your requested directors' fees? What is your projected profit to provide increased dividend and frequency of dividend?
<b>Answer:</b>	
The directors' fees were last revised in 2018. We do not plan to review the fees as we believe they are fair and benchmarked against market.	
As explained in our response to Question 49-50, we do not provide specific profit guidance.	
The consideration for future dividend payout is subject to capital growth and operational requirements. Currently, PCG pays dividend based on Dividend Policy of around 50% Profit After Tax and Non-Controlling Interest (PATANCI) twice a year. We have no plans to change the dividend payout ratio and the frequency.	

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## Sustainability

No.	Question
53.	What are the steps taken by PChem to ensure that it is on the path of reducing carbon footprint and be an ESG-compliant company?
<b>Answer:</b>	
<p>Our 3Ps (People, Planet and Profit) sustainability strategy focuses on 13 UN Sustainable Development Goals (SDGs).</p> <p>We have so far reduced more than 50,000 tonne of carbon dioxide equivalent (CO<sub>2</sub>e) emission which is half of our target towards reducing 100,000 tonne of CO<sub>2</sub>e emission by 2024.</p> <p>We are also conducting feasibility studies to convert CO<sub>2</sub> into valuable products. We are confident that with these initiatives, we will be able to reduce additional 50,000 tonne of CO<sub>2</sub>e emission by 2024.</p>	
No.	Question
54.	<p>Congratulations on 2020's performance.</p> <p>On your CSR initiatives, are mangrove planting still relevant? According to Malaysia Nature Society, almost 90% saplings planted during these programmes are washed away or wilted due to them being wrongly planted. This may impact your expected ROI from the activity.</p>
<b>Answer:</b>	
<p>Thank you for the kind words.</p> <p>PCG works closely with Malaysian Nature Society at ecoCare to ensure improved survival rate of the seedlings. We continue to make sure that the number of mangrove trees are replanted as per plan to meet our objective of improved biodiversity healthiness at Kertih river.</p>	

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## Sustainability

No.	Question
55.	There are seven types of recyclable plastics, but different methods and machinery are needed to recycle these plastics. How can the business make sure that the steps they take are able to break down and recycle most of these plastics other than just building recycling plants (what type of plastics can be processed, are there plans to process other types of plastics)?
<b>Answer:</b>	
<p>We have made arrangement to secure the right quality of feedstock from local and regional plastic waste collector and supplier through our partner for the plastic waste to naphtha recycling plant investment.</p>	
No.	Question
56.	How does your company remain competitive with the rise of adopting green energy?
<b>Answer:</b>	
<p>Fossil fuel will still play a dominant role in the future energy mix as renewable or green energy alone will not be able to fulfill the global demand. PETRONAS has started to explore, research and invest in green energy such as solar, wind and hydrogen as an alternative energy source, with PCG's participation.</p> <p>We believe hydrocarbon-based petrochemicals business is still relevant and play a prominent role in the foreseeable future. Demand will continue to grow and PCG will remain competitive in view of its resource access, integrated facilities, latest technologies, well-established market and resides in the centre of the petrochemical growth region.</p>	
No.	Question
57.	It was mentioned that the company is looking into converting waste plastic into naphtha. How economical is this project, compared to buying naphtha from the market?
<b>Answer:</b>	
<p>In line with global megatrends on sustainability, there is growing demand for green and circular products.</p> <p>Although the price of green or circular naphtha could be higher than conventional hydrocarbon, the petrochemical products produced from this naphtha could command market premium due to growing demand from major brand owners for sustainable products. We are currently in detailed engineering study for the chemicals recycling facility and will assess its economic viability before proceeding to the next phase.</p> <p>Our target is to make the conversion process equally competitive as compared to conventional method.</p>	

No.	Question
58.	May I know what are your biggest worries on factors that may affect the business?
<b>Answer:</b>	
<p>There are several key risk factors that are critical to our business. Any disruptions caused by changes in these factors may potentially have impact to our business such as:</p> <ul style="list-style-type: none"><li>• Health, Safety and Environment (HSE) risks that impact on people, asset, environment and reputation;</li><li>• Risk of prolonged COVID-19 pandemic that could impact the achievement of business targets; and</li><li>• Project delivery issues that impede the commercialisation or stabilisation of new plants that have impact on PCG value capture.</li></ul> <p>For more information and its mitigation measures, please refer to page 81-88 of Integrated Report 2020.</p>	

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## AGM Event

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No.	Question
59.	Not everybody is wearing mask.
<b>Answer:</b>	
The AGM was conducted according to PETRONAS' COVID-19 SOPs that are in line with the Ministry of Health's guidelines.	
No.	Question
60.	May I know where I can get all these videos?
<b>Answer:</b>	
These videos are available at PETRONAS Youtube channel and PCG's Corporate website.	
No.	Question
61.	Can the option of online AGM be offered to shareholders even after the pandemic? It gives opportunities to shareholders who are outstationed to attend remotely and not miss out on company's development.
<b>Answer:</b>	
PCG will consider offering remote shareholders' participation in future general meetings and undertake a further review to determine the measures that can be taken to facilitate shareholders' participation while enhancing the quality of general meetings through the use of digital tools.	

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## Pre-AGM Questions

No.	Question
1.	<p>A very good morning to all Board members. I would like to request a token of PETRONAS Gift card or other form of e-vouchers to ease the burden of this virtual AGM participants affected by the current COVID-19 pandemic.</p> <p>Your kind consideration is much appreciated. Thank you.</p>
2.	<p>A very good morning to all Board members. I would like to request a token of PETRONAS Gift card or other form of e-vouchers to ease the burden of this virtual AGM participants affected by the current COVID-19 pandemic.</p> <p>Your kind consideration is much appreciated. Thank you.</p>
3.	<p>Please consider giving e-voucher to participating shareholders for the effort to take part and support the company. Thank you.</p>
4.	<p>Would the company be considering giving SETEL credit as token to shareholders attending this virtual AGM?</p>
5.	<p>Good day Mr Chairman. Please consider giving us eWallet or petrol vouchers as in 2019. 2020 not prepared as online AGM was sudden.</p> <p>Many companies out of their kindness have given us Wallet or e-vouchers.</p> <p>Please reconsider to cheer us up during the COVID-19 storm.</p> <p>Thank you and God bless the company and all of you.</p>
6.	<p>Dear BOD - Kindly give us some e-vouchers or e-wallet for being loyal shareholders and attending this meeting. Times are bad now. Thank you.</p>
7.	<p>Dear BOD, kindly give us some e-vouchers or e-wallet for being loyal shareholders and attending this meeting. Times are bad now. Thank you.</p>
8.	<p>Would the BoD consider distributing e-vouchers to the RPV participants of this virtual AGM as a form of CSR activity by the Company?</p>
9.	<p>Any e-voucher to be distributed as no physical meeting and you are recommending us to approve your Directors' fees.</p>
10.	<p>Will the Board consider providing PETRONAS e-voucher for those attending on the virtual AGM?</p> <p>Appreciate your Board in considering this as it is cheaper than conducting physical AGM.</p>
11.	<p>Is the company giving out petrol voucher as door gift?</p>
12.	<p>Is the company giving petrol voucher as door gift to shareholders who attend the virtual meeting?</p>

## Pre-AGM Questions

No.	Question
13.	There were several questions from shareholders requesting for e-vouchers and door gifts. Hope the Board will look into our view now.
14.	Is the company giving petrol voucher as door gift to shareholders attending the virtual meeting?
15.	Hope this year the company will consider giving door gifts/e-vouchers to shareholders/proxies attending this live streaming AGM and remote voting. Your kind gesture will be very much appreciated. Thank you.
16.	Is the company giving petrol voucher to shareholders attending the virtual AGM?
17.	Hope this year the company will give door gifts/ e-vouchers to shareholders/proxies attending this live streaming AGM and remote voting. Thank you.
18.	To the chairman and BOD, please be informed that it is very expensive for the shareholders/proxies to attend a virtual AGM and remote voting in term of data usage then a physical one, therefore we hope the company will consider giving some e-vouchers to those attendees as a gesture of appreciation. Thank you.
19.	To the chairman and BOD, please be informed that it is very expensive for the shareholders/proxies to attend a virtual AGM and remote voting in term of data usage then a physical one, therefore we hope the company will consider giving some e-vouchers to those attendees as a gesture of appreciation. Thank you.
20.	To the chairman and BOD, please be informed that it is very expensive for the shareholders/proxies to attend a virtual AGM and remote voting in term of data usage then a physical one, therefore we hope the company will consider giving some e-vouchers to those attendees as a gesture of appreciation. Thank you.
21.	Hope this year the company will be giving door gifts/e vouchers to shareholders/proxies attending this live streaming AGM and remote voting. Thank you.
22.	To the chairman and BOD, please be informed that it is very expensive for the shareholders/proxies to attend a virtual AGM and remote voting in term of data usage then a physical one, therefore we hope the company will consider giving some e vouchers to those attendees as a gesture of appreciation. Thank you.
23.	Dear Board of Director, please give RM100 petrol SETEL to your loyal shareholders that vote at AGM, thanks.
24.	Dear directors, please give RM100 e-wallet or SETEL petrol for shareholder that attend this virtual AGM, thanks.

## Pre-AGM Questions

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No.	Question
25.	Dear directors, please give RM100 e-wallet or SETEL petrol for shareholder that attend this virtual AGM, thanks.
26.	Dear directors, please give RM100 e-wallet or SETEL petrol for shareholder that attend this virtual AGM, thanks.
27.	Dear directors, please give RM100 e-wallet or SETEL petrol for shareholder that attend this virtual AGM, thanks.
<b>Answer to question number 1 to 27:</b>	
<ul style="list-style-type: none"><li>• Shareholders participating in the AGM on 22 April 2021 will be given RM50 SETEL top-up vouchers. Details will be emailed within 5 working days from the date of AGM.</li><li>• These vouchers can be used at all PETRONAS' petrol stations.</li></ul>	

## Pre-AGM Questions

No.	Question
28.	i) Any increase in dividend and frequency i.e. quarterly dividend. ii) Any bonus issue to be declared.
<b>Answer:</b>	
<ul style="list-style-type: none"> <li>• For FY2020, PCG declared a dividend payout of 59%. We will continue to pay dividend based on PCG Dividend Policy of around 50% Group Profit After Tax and Non-Controlling Interest (PATANCI). Currently, PCG pays dividend twice a year and has no plans to change the frequency.</li> <li>• For now, we have no plans to declare any bonus issue and will continue to pay dividend based on our Dividend Policy.</li> </ul>	
No.	Question
29.	Bursa Malaysia is encouraging all public listed companies to adopt good ESG (Environmental, Social and Governance) practices in their business operations. What is our Company's annual budget in terms of percentage of total expenditure in pursuing the ESG agenda?
<b>Answer:</b>	
<ul style="list-style-type: none"> <li>• PCG spent more than RM20 million for its sustainability efforts up to 2020.</li> <li>• We anticipate that we are going to spend cumulatively in the range of RM80 million by 2021.</li> <li>• In line with our sustainability strategy, we continue to focus on People, Planet and Profit.</li> </ul>	
No.	Question
30.	Please update the shareholders on Da Vinci business and prospect for upcoming years.
<b>Answer:</b>	
<ul style="list-style-type: none"> <li>• In FY2020, Da Vinci Group (DVG) achieved its highest Lubricant Additive Chemicals sales volume since inception. Despite COVID-19 pandemic, DVG EBITDA has improved by 33% as compared to 2019.</li> <li>• Approvals have been obtained for two (2) expansion projects i.e. a silicone blending plant in Gebeng, Pahang and a new facility for lubricant additives and chemicals in Echt, Netherlands. These facilities will utilise DVG's technology and know-how and currently under Engineering, Procurement and Construction phase.</li> <li>• When completed, the above projects will widen our access to high-growth markets, especially in South-East Asia, to cater for personal care, F&amp;B and automotive segments. This is expected to contribute growth in DVG's EBITDA by 15%.</li> </ul>	

## Pre-AGM Questions

No.	Question
31.	We believed PCHEM enjoyed a very good polymer margin spread at H1 2021 due to cold winter storm in US. Do you supply any goods to US/ grab the opportunity to develop in this period of time?
<b>Answer:</b>	
<p>We acknowledge the increase in polymer price due to U.S. supply disruption. As a result, supply from Middle East shifts towards North America, leaving a vacuum in South East Asia and Asia Pacific. This situation provides us opportunity to benefit from the upsurge in the polymer price in South East Asia and Asia Pacific.</p>	
No.	Question
32.	In Q4 2020, the impairment of BDO plant closure @RM232M. Could I know what is the estimated impairment of RAPID plant delayed start up in FY2021?
<b>Answer:</b>	
<p>For FY2020, we have conducted an impairment assessment for Pengerang Petrochemical Company (RAPID project), based on the applicable accounting standards and latest market forecast, resulting in no impairment.</p> <p>We will continue to conduct impairment assessment for our investments and assets for FY2021.</p>	
No.	Question
33.	PETRONAS signed MOU with Jera to develop clean ammonia. Does that mean PCHEM will develop clean ammonia in coming new FID/project?
<b>Answer:</b>	
<p>PETRONAS is leading the study on the integrated development of clean ammonia (i.e. green ammonia) from green hydrogen utilising renewable energy available within the country, with potential participation from PCG.</p>	

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