

**LOTTE CHEMICAL TITAN HOLDING BERHAD**

(Company No. 222357-P)  
(Incorporated in Malaysia)

**MINUTES OF THE 2018 ANNUAL GENERAL MEETING**

MINUTES of the 2018 Annual General Meeting of the Company held at Ballroom 3, Sime Darby Convention Centre, 1a Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 24 April 2018 at 2 p.m.

**Present** : The Board of Directors  
Tan Sri Dato' Abdul Rahman Bin Mamat -*Chairman*  
Mr. Lee Dong Woo (*President & Chief Executive Officer*)  
Tan Sri Datuk (Dr) Rafiah Binti Salim (*Independent Non-Executive Director*)  
Mr Ang Ah Leck (*Independent Non-Executive Director*)  
Mr Lee Kwan Ho (*Non-Independent Executive Director*)  
Mr Cho Seongtaeg (*Non-Independent Non-Executive Director*)

Shareholders, Proxies & Invitees  
As per Attendance List.

**In Attendance** : Mr Philip Kong (Executive Vice President, Corporate Planning,  
Company Secretary)  
Ms Cynthia Louis (Company Secretary)  
Ms Irene Chew (Company Secretary)

**1. OPENING ADDRESS**

The Chairman extended a warm welcome to the shareholders and proxies who attended the 2018 Annual General Meeting ("AGM").

**2. INTRODUCTION OF THE BOARD OF DIRECTORS**

The Chairman introduced the members of the Board to the shareholders.

**3. QUORUM OF MEETING**

The Company Secretary confirmed that there was a quorum present at the Meeting in accordance with Article 74 of the Company's Constitution.

**4. VOTING OF RESOLUTIONS AT THE MEETING**

The Chairman informed the shareholders, duly authorised representatives and proxies present that all resolutions as set out in the Notice of the AGM would be put to vote by poll.

The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd to conduct the poll and Quantegic Services Sdn Bhd as Scrutineers to verify the poll results. The poll process would be conducted upon completion of the deliberation of all items to be transacted at the AGM.

**5. NOTICE OF MEETING**

There being no objection from the shareholders present, duly authorised representatives and proxies, the Notice of the Meeting for the AGM was taken as read.

The Chairman informed the Meeting that the Company had received a letter from the Minority Shareholders Watchdog Group ("MSWG") dated 6 April 2018 and for the benefit of the shareholders, the Chairman invited Mr Philip Kong, the Company Secretary to present the questions and responses to the questions from the MSWG to the Meeting, which are contained in Appendix I.

**6. REMARKS BY THE CORPORATE REPRESENTATIVE OF MSWG**

Puan Lya Rahman thanked the Board for presenting MSWG's questions and LCT's responses at the AGM and made the following comments and/or observations:-

- a) She commended Management on the comprehensive disclosure of the Directors' Remuneration that had been presented to the Meeting and suggested that the Company should provide a similar disclosure on the Directors' Remuneration in future Corporate Governance Reports ("CG Report") under Practice 7.1.
- b) She requested the Company to provide a presentation on the Company's performance, Group's strategies and focus going forward at future AGMs.
- c) She noted the Company's response on Step Up Practice 4.3 and clarified that the Board should first evaluate if it would like to adopt a 9 year tenure for the Board as recommended in Step Up Practice 4.3. She explained that if the Board decides to adopt Step Up Practice 4.3, then it would have to amend the Board Charter to limit the tenure of the Board to 9 years in total without any further provisions for extensions.
- d) She highlighted that the Company had not adopted Practice 12.3 even though it is recognised that the platform for remote participation is unavailable currently in Malaysia. Accordingly, if a Practice is not adopted, LCT being a large company is required to provide measures taken to comply and the timeframe in the CG Report as mandated under Paragraph 3.2A & 3.2C of Practice Note 9 of the Bursa's Listing Requirements.

The Chairman thanked Puan Lya for her comments and observations.

**7. AUDITED FINANCIAL STATEMENTS AND REPORTS OF DIRECTORS AND AUDITORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The Chairman proceeded with the tabling of the Audited Financial Statements and Reports of Directors and Auditors for the financial year ended 31 December 2017.

The questions and answers were listed in Appendix II.

After all the questions raised at the Meeting were dealt with, the Chairman proceeded with the next agenda.

**8. ORDINARY RESOLUTION 1- RE-ELECTION OF TAN SRI DATO' ABDUL RAHMAN BIN MAMAT PURSUANT TO ARTICLE 94 OF THE COMPANY'S CONSTITUTION**

Since Tan Sri Rahman is the subject matter of the resolution, Tan Sri Rahman handed the Chair to Tan Sri Rafiah.

Tan Sri Rafiah duly thanked the Chairman and tabled the resolution on re-election of Tan Sri Dato' Abdul Rahman Bin Mamat who retires in accordance with Article 94 of the Company's Constitution.

Ordinary Resolution 1 was duly proposed by Encik Mohd Nasri bin Abdul Rahim and seconded by Mr Choong Beng Hin.

There being no questions raised, Tan Sri Rafiah handed the Chair back to the Chairman to proceed with the rest of the resolutions of the AGM.

**9. ORDINARY RESOLUTION 2- RE-ELECTION OF MR LEE KWAN HO WHO RETIRES PURSUANT TO ARTICLE 94 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 2 on the re-election of Mr Lee Kwan Ho who retires in accordance with Article 94 of the Company's Constitution.

Ordinary Resolution 2 was duly proposed by Mr Choong Beng Hin and seconded by Mr How Yong Chang.

**10. ORDINARY RESOLUTION 3- PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM475,644.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Ordinary Resolution 3 on the payment of Directors' Fees amounting to RM475,644.00 for the financial year ended 31 December 2017 was duly proposed by Mr Choong Beng Hin and seconded by Encik Mohd Nasri bin Abdul Rahim.

It was highlighted that Tan Sri Dato' Abdul Rahman, Tan Sri Rafiah and Mr Ang Ah Leck, being the interested directors would abstain from voting on this resolution.

**11. ORDINARY RESOLUTION 4- PAYMENT OF DIRECTORS' REMUNERATION AND BENEFITS (EXCLUDING DIRECTORS' FEES) TO NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM360,100.00 FOR PERIOD FROM 1 JANUARY 2017 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

Ordinary Resolution 4 on the payment of Directors' Remuneration and Benefits (excluding Directors' Fees) to Non-Executive Directors up to an amount of RM360,100.00 for the period from 1 January 2017 until the next Annual General Meeting of the Company was duly proposed by Mr Choong Beng Hin and seconded by Encik Mohd Nasri bin Abdul Rahim.

It was highlighted that Tan Sri Dato' Abdul Rahman, Tan Sri Rafiah and Mr Ang Ah Leck, being the interested directors would abstain from voting on this resolution.

**12. ORDINARY RESOLUTION 5 -FINAL SINGLE TIER DIVIDEND OF 23 SEN PER ORDINARY SHARE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The resolution on declaration of a single tier final dividend of 23 sen per Ordinary Share in respect of financial year ended 31 December 2017 was tabled.

The payment of the said single tier final dividend will be made on 8 June 2018 based on the entitlement date of 18 May 2018.

Ordinary Resolution 5 was duly proposed by Encik Mohd Nasri bin Abdul Rahim and seconded by Mr Choong Beng Hin.

**13. ORDINARY RESOLUTION 6- RE-APPOINTMENT OF AUDITORS**

The resolution on the re-appointment of Messrs Ernst & Young as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration was tabled.

The Meeting noted that the retiring Auditors, Messrs Ernst & Young had indicated their willingness to accept the re-appointment and consent to act as Auditors of the Company for the financial year ending 31 December 2018.

Ordinary Resolution 6 was duly proposed by Encik Mohd Nasri bin Abdul Rahim and seconded by Mr Choong Beng Hin.

**14. ORDINARY RESOLUTION 7- RECURRENT RELATED PARTY TRANSACTIONS**

The resolution on the Proposed Shareholders' Mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading in Nature and Contracts entered into from time to time which are necessary or would facilitate the day-to-day operations with related parties ("Proposed Shareholders' Mandate") was tabled.

The Chairman informed the Meeting that the related parties involved in the Recurrent Related Party Transactions, namely Mr Lee Dong Woo, Mr Lee Kwan Ho and Mr Cho Seongtaeg, being the interested Directors had abstained from all Board deliberations.

The interested Directors and Lotte Chemical Corporation, being the major shareholder of the Company shall abstain to vote for this transaction.

The details of the Proposed Shareholders' Mandate was elaborated in the Circular to Shareholders dated 23 March 2018 which was despatched together with the Annual Report.

Ordinary Resolution 7 was duly proposed by Encik Mohd Nasri bin Abdul Rahim and seconded by Mr Choong Beng Hin.

**15. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE COMPANIES ACT 2016**

The Company had not received notice of any other business to be transacted at the AGM.

**16. POLL PROCESS**

Upon the invitation of the Chairman, Ms Samantha Goh, the Poll Administrator explained the procedures for the conduct of a poll at the AGM.

The Meeting was adjourned at 3.45 p.m. to facilitate the voting process.

**17. ANNOUNCEMENT OF POLL RESULTS**

The Chairman called the Meeting to order at 4.05 p.m. for the declaration of the poll results from Ms Cheang Siow Voon, the Scrutineer. A copy of the poll results is attached as Appendix III.

The Chairman declared all resolutions that had been put to the Meeting were duly carried.

**18. CLOSURE OF MEETING**

The Meeting was declared closed at 4.10 p.m. with a vote of thanks to the Chair.

23 April 2018

**Mr. Devanesan Evanson**  
**Chief Executive Officer**  
**Minority Shareholder Watchdog Group**  
 Tingkat 11, Bangunan KWSP,  
 No 3, Changkat Raja Chulan,  
 Off Jalan Raja Chulan,  
 50200 Kuala Lumpur

Dear Mr.

**First Annual General Meeting (AGM) of Lotte Chemical Titan Holding Berhad**  
**("LCT" or "the Company")**

In relation to your letter dated 6 April 2018, we would like to provide our responses to Minority Shareholder Watchdog Group's ("MSWG") queries with regards to the Annual General Meeting (AGM) of Lotte Chemical Titan Holding Berhad ("LCT").

**A. Strategic and Financial Matters**

**1. As stated in the President and CEO's message, the Group's plant utilisation rate decreased from 91% to 73% in FY2017 mainly due to two routine statutory turnaround exercises at the Malaysian site and the reduced load at the Indonesia polyethylene plant because of economic reasons.**

**(i) Are there any planned maintenance activities for FY 2018 and how would these activities be expected to impact the plant utilisation rates?**

There are no major planned maintenance activities for FY 2018 except for routine maintenance and we do not expect any negative impact to the plant utilisation rates.

**(ii) What would be the targeted average plant utilisation rate for FY 2018?**

Our targeted average plant utilisation rate for FY 2018 is about 90%.

**(iii) Would the Board expect the polyethylene economics to improve in FY 2018?**

The Board would expect the Indonesian polyethylene economics (ethylene to polyethylene spread) for FY 2018 to remain the same as FY 2017.

**(iv) What is the Board's expectation on the margin spread for FY 2018?**

The Board's views are in line with the views of petrochemical industry experts, that is, the margin spread for FY 2018 is expected to be on par with FY 2017.



2. How would the commencement of operations of TE3's Fluidised Naphtha Cracker ("FNC") be expected to contribute to the revenue and earnings of the Group for FY 2018?

The commencement of operations of TE3's Fluidised Naphtha Cracker ("FNC") is expected to increase production volume thereby contributing positively to the revenue and earnings of the Group for FY 2018.

3. LCT is Malaysia's largest integrated producer of olefins and polyolefins as well as the fourth largest polyolefins producer in Southeast Asia in terms of production capacity.

**What is LCT's competitive advantage?**

- a. Market leadership in attractive markets
  - b. Long-standing relationship with diverse customer base
  - c. Integrated production facilities and operation know-how
  - d. Robust operating cash flow profile and balance sheet
  - e. Strong and experienced management team
  - f. Strong support from parent Lotte Chemical Corporation
4. In the President and CEO's Message, it was stated that the Group encountered water supply interruptions and some minor incidents at its facilities.

In September 2017, there was a fire incident on the TE3 Project and in October 2017, the Group was issued a Stop-Work order on its KBR Catalytic Olefins Technology catalytic cracking reactor by the Department of Environment to remedy the odour emission and surface oil sheen or film discharge. We noted that these issues were resolved by the Group.

- (i) Does the Board foresee issues of water supply affecting the production at the plants this year?

Since we started operations 27 years ago, we had never experienced any major water interruptions in the same magnitude as the one in April 2017. The Board of Directors had expressed serious concerns and had directed Management to look at risk mitigation measures. The Management has considered various alternatives and has decided to have additional water storage facilities to mitigate this exposure. In addition, the Company has had dialogues with the water supplier, Syarikat Air Johor and the Johor State EXCO Council, and they have given us their commitment to maintain the integrity of water supply to our facilities. The Board does not foresee issues of water supply affecting the production at the plants this year.

- (ii) **What are the risk management processes in place to ensure that these incidents do not impact the operations of the Group?**

The management had put in place additional processes to ensure minimum risk exposure as follows:

- a) Enhance Occupational Health & Safety (OHS) management system:
  - Conduct competency training for operational personnel.
  - Perform periodic audit to ensure the effectiveness of OHS management system.
- b) Enhance Process Safety Management (PSM) system
  - Hazard and Operability (HAZOP) study is performed before, during and after construction of a new plant.
  - Pre-Start up Safety Review (PSSR) shall be completed before commissioning a new plant.
  - Performed comprehensive PSM Audit before commissioning a new plant.

#### **B. Corporate Governance Matters**

1. **The Company is seeking shareholders' approval for payment of Directors' remuneration and benefits (exclude Directors' fees) up to an amount of RM360,100 for the period from 1 January 2017 until the next AGM of the Company.**

**Could the Board provide the breakdown of the remuneration and benefits to be approved by shareholders?**

A breakdown of the remuneration and benefits to be approved by the shareholders is attached in the appendix.

2. **The Company in its Corporate Governance Report had stated that it has adopted Step Up 4.3 of MCCG. However, we noticed in its Board Charter and on page 67 of the Annual Report, it was stated that "if the Board is of the view that an independent director ("INED") should continue beyond the nine (9) years tenure, the Board must justify and seek shareholders' approval annually." This is contrary to Step Up 4.3 which does not provide for any extension of tenure beyond the 9-year tenure of INEDs.**

**We hope the Board would take note of this.**

The Independent directors have only been appointed/designated independent for slightly over a year and therefore none of the Independent Directors have exceeded the maximum tenure of 9 years. The Board duly takes note of the matter raised on the Step Up 4.3 of the Malaysian Code of Corporate Governance ("MCCG").



## LOTTE CHEMICAL TITAN

3. The Company in its Corporate Governance Report had stated that it had applied Practice 12.3 of MCGG. Practice 12.3 refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company's AGM. Based on the Company's explanation given on the application of Practice 12.3, we wish to highlight that the Company has not applied the Practice.

**We hope the Board would take note of this.**

The Board takes note of the matter raised on Practice 12.3 of the MCGG. The infrastructure is currently not in place to provide such services.

The Company will be exploring the appropriate measures to facilitate greater participation by shareholders in the Company's annual general meetings by leveraging on technology. Our consideration to leverage on such technology will be subject to ensuring that the security for the voting process is in place.

We trust the above clarifies your queries.

Thank You

Yours sincerely,

for Lotte Chemical Titan Holding Berhad



**Philip Kong Chock Hoon**  
Company Secretary (MACS 01402)  
6<sup>th</sup> Floor, Bangunan Malaysian RE,  
No.17, Lorong Dungun,  
Damansara Heights,  
50490 Kuala Lumpur

**Appendix**

**A breakdown of the estimated Directors' Remuneration (excluding Directors Fees) payable from 1 January 2017 to the next AGM in 2019 is detailed below:-**

**Basis of payments**

**Before 27 March 2017**

<b>BOD Meeting Allowance</b>	<b>RM</b>
Non- Executive Director	1,300 per meeting

**From 27 March 2017 Onwards**

<b>BOD Meeting Allowance</b>	<b>RM</b>
Independent Chairman	2,000 per meeting
Independent Directors	1,500 per meeting

<b>Committee Meeting Allowance</b>	<b>RM</b>
Audit and Risk Management	1,500 per meeting
Remuneration	1,500 per meeting
Nomination	1,500 per meeting

**Number of Board Meetings held from 1 January 2017 to 31 December 2017**

**9 Meetings**

**Number of Audit and Risk Management Committee Meetings (ARMC) held from 1 January 2017 to 31 December 2017**

**3 Meetings**

**Estimated number of Board Meetings from 1 January 2018- 30 June 2019**

**11 Meetings**

**Estimated number of ARMC, Remuneration Committee and Nomination Committee Meetings from 1 January 2018- 30 June 2019**

**15 Meetings**

Notes to table below

**Note 1.**The Directors' Remuneration payable to Tan Sri Dato' Abdul Rahman Bin Mamat in 2017 includes a one-off payment of RM40,000 from the RM100,000 proposed to be paid in connection with the listing of the Company.

**Note 2.**The one-off remuneration payable in 2018 to Independent Directors for contributions in 2017.

**Note 3.**The Director's one-off remuneration payable to Tan Sri Dato' Abdul Rahman Bin Mamat includes RM60,000 from the RM100,000 stated above and RM40,000 for contributions in 2017.

	Actual Directors Remuneration 1 Jan 2017 - 31 Dec 2017 (RM)			Estimation Directors Remuneration 1 Jan 2018 – 2019 AGM (RM)					
	Board Meeting	ARMC Meeting	One-off Remuneration (Note 1)	Board Meeting	ARMC Meeting	Remuneration Meeting	Nomination Meeting	One-off Remuneration (Note 2)	Total
Tan Sri Dato' Abdul Rahman Bin Mamat	16,600	4,500	40,000*	22,000	12,000	4,500	0	(Note 3) 100,000	199,600
Tan Sri Datuk (Dr.) Rafiah Binti Salim	9,000	4,500		16,500	12,000	4,500	6,000	30,000	82,500
Mr. Ang Ah Leck	9,000	4,500		16,500	12,000	0	6,000	30,000	78,000
<b>Total</b>	<b>34,600</b>	<b>13,500</b>	<b>40,000</b>	<b>55,000</b>	<b>36,000</b>	<b>9,000</b>	<b>12,000</b>	<b>160,000</b>	
<b>Grand Total</b>									<b>RM360,100</b>

Appendix II

Question & Answer

1	<p><u>Questions from Mr Choong Beng Hin, a shareholder</u></p> <p>Mr Choong referred the Meeting to the Statement on Comprehensive Income contained on page 13 of the Annual Report (Book 2) and commented that the Company's performance could have been better in light of the improved economy and business environment in 2017 as compared to 2016. He thanked the Board for upholding principles of transparency in reporting by taking great efforts in explaining in the Annual Report the reasons that account for the lower sales and profits in 2017 compared to 2016. He also observed and commended the Company for the improvement in the plant utilisation rate. He nevertheless shared his concerns on the following:-</p> <p>i. The Gross profit margin of the Company's products has dropped from 24% in 2016 to 17% in 2017. Operating overheads i.e. administrative expenses and other expenses in 2017 had however both exceeded in comparison by 12% and 17% respectively over 2016. He then referred to the Notes on pages 47 to 48 of the Annual Report. The total amount for key management personnel compensation for the Group in 2017 of RM11.5 million had substantially exceeded the compensation paid in 2016 of RM4.7 million. He highlighted that the rewards did not appear, to commensurate with the Company's performance. He then enquired if the trend in gross profit margin compression is expected to continue for 2018 as there is non-recurring income in 2017 for example the foreign exchange gain and bank interest income of about RM100 million which may not be recorded in 2018.</p> <p>Mr David Tan said that RM3.6 million of the key management personnel compensation relate to compensation due and payable to the other key management who are redesignated in conjunction with the Company's listing. The compensation paid to the other key management redesignated during the previous financial year is RM 2.9 million. The Directors' Fee in 2016 was lower due to lesser number of Non-Executive Directors.</p> <p>ii. Mr Choong noted that the reported losses from the share of results from the associates amounted to about RM35.8 million as recorded on page 13 of the Annual Report. He enquired on the timeframe upon which these companies are expected to attain breakeven from the businesses undertaken by them.</p> <p>Mr David Tan responded that LC USA, the associate company in USA had taken loans of USD1.5 billion for purpose of financing its project and the losses recorded is in respect of the finance cost and pre-operating expenses incurred by the associate. Mr Philip Kong added that the project is expected to commence commercial operations in the second half of 2019. The Meeting was informed that there shall be no more contribution needed for the Project and the Company has fully paid up its investment in LCUSA.</p> <p>iii. Suggested that the Group should carry out a valuation exercise on the parcels of land as disclosed on pages 136 to 137 to further improve the value of the Group as these</p>
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properties were last revalued in 1997.

Mr David Tan replied that the Company's accounting policies provide that the properties shall be stated at cost and a further revaluation will not be carried out following the revaluation carried out in 1997 consistent with the Group's accounting policy and accounting standards.

- iv. The latest status of the public shareholding spread, the impact on the Company's listing status on Bursa Malaysia if the Listing Requirements is not met by the 23 July 2018 deadline and the mitigation measures taken to mitigate the impact.

Mr Philip Kong said that the current public shareholding spread was 23.97%. The Board having evaluated the options available to LCT has decided to submit an application to seek the approval of Bursa for a lower public shareholding spread or an extension of time to comply with the minimum 25% requirement. Mr Philip Kong said that an announcement will be made on the outcome of the application to Bursa in due course.

Questions from Mr Teh, a shareholder

- i) Whether raw materials that are used in production such as Naphtha is vulnerable to decrease in oil prices.

Mr Philip Kong responded that Naphtha that forms 80% of product cost is linked to the oil price whilst polymer is linked to demand. He explained that although there is an increase in oil prices, the price of polymer will correspondingly also increase in line with market demand though there may be a time lag of 1 to 2 months.

- ii) Is the strong Ringgit in comparison to the US Dollar favourable to the Company?

Mr David Tan said that there is a certain degree of natural hedge in the Company's business operation which mitigates currency risks as although Naphtha purchases are made in US Dollars, exports are also generated in US Dollars which provides a balance on a currency risk perspective. The monthly domestic sales are in RM but this is derived based on the monthly USD selling price converted to RM using the exchange rate for each month.

Questions from Mr Leo, a shareholder

- (i) What was the two statutory turnaround exercises that were undertaken in 2017 cited in the Chairman's Statement which resulted in the reduced profitability on the back of a lower sales volume?

Mr Philip Kong responded that the statutory turnaround exercises in 2017 led to a decrease in the utilisation rate in 2017.

- ii) Clarification was sought on the Net Finance Income amounting to RM60.275 million recorded on Page 13- Statement on Comprehensive Income.

Mr David Tan explained that RM60.275 million in net finance income arises from

returns generated from placements of funds largely from IPO proceeds in fixed deposit and money market investments.

- iii) What is the profit contribution in terms of geographical segments?

Mr Philip Kong said that 70% of the Company's business is derived from Malaysia and Indonesia and the balance 30% is from China, India sub-continent and the rest of South East Asia. Mr Philip Kong added that the majority of profits come from Malaysia at this time due to its integrated petrochemical facilities.

- iv) Who were LCT's direct major competitors?

Mr Philip Kong informed the meeting that Petronas Chemicals Group Berhad is LCT's competitor in Malaysia. However, they do not produce polypropylene and butadiene. LCT holds a monopoly on polypropylene and butadiene.

Questions from other shareholders

- i) In line with the global tightening supply shortage and China's environmental policy rule, what is the current petrochemical outlook on demand?

Mr Philip Kong said that with China banning the importation and processing of scrap plastics under China's environmental policy rule, it would have a positive impact as China would have to import more virgin polymers. Mr Philip Kong explained that demand and consumption of plastics is aligned with the country's projected economic growth and he expected that there would be an increase in consumption growth in plastics aligned with the economic growth projected for China. He also did not foresee additional supply in the South East Asian market in the immediate term.

- ii) What is the utilisation rate of TE3 project?

Mr Philip Kong explained that the TE3 Project (renamed FNC) commenced commercial operations in December 2017 and had been integrated as part of the Cracker 2 plant. Barring any unforeseen events, total plant utilisation rates are expected to be in the region of about 90% for 2018.

- iii) Will the dividend payout formula for 2017 be retained for 2018?

Mr Philip Kong responded that the dividend policy of the Company provides for dividend payment of 50% of net profits after deduction working capital and maintenance capital expenditure requirements. For the 2017 dividend, the Board recommended to pay a dividend based on 50% of net profits without deductions to reward shareholders. As for the 2018 dividend payment, the Board will review and evaluate before making the appropriate recommendations taking into account the Company's performance for 2018. Following a further enquiry from the shareholder on the quantum of the maintenance capex in the next 3 to 5 years, Mr David Tan said that the maintenance capex would be approximately about RM150 million per annum.

- iv) What is the optimum debt to equity growth ratio of the Group?

Mr Philip Kong said that the Group now has zero gearing and is able to take on a debt level ratio of 2-3 times.



v) What is LCT's competitive position in the market?

Mr Philip Kong shared with the Meeting that the LCT Group is today Malaysia's largest integrated producer of olefins and polyolefins. The Group is also the 4th largest polyolefins producer in South East Asia in terms of production capacity.

vi) What is the risk to the Group with the environmental call to move towards biodegradable plastics?

Mr Cheong Peng Khuan said that biodegradable products were not in high demand or at sufficient levels to sustain the industry as it is costly and not affordable for consumers. It was explained that the Group is continually developing solutions to mitigate the risk and implementation is carried out in line with the respective directives of the Regulatory Authorities and consumer preference and needs.

vii) What is the market for Shale gas and the profit expected from the investment in LC USA?

Mr Philip Kong said that the US Project comprises a 1 million tonnes cracker plant which will use shale gas that is cheaper than Naphtha. The plant is projected to produce 1 million tonnes of ethylene. 500,000 metric tonnes will be sold to Axiall Corporation and the remaining 500,000 metric tonnes will be supplied to the Mono Ethylene Glycol ("MEG") Plant to produce MEG which is used in anti-freeze, coolants and polyester. The Group will leverage on Lotte Chemical Corporation's marketing network to sell MEG in North America, Europe and China markets. With regard to the projected sales of the plant, Mr Philip Kong said that the plant will come on stream in the second half of 2019 and sales will be correlated to the growth in the economy of the target markets.

viii) Why is there a need for the Group to make a provision for dismantling cost for leasehold land (Page 9)?

The Meeting was informed that a provision is required to be made at the end of the lease period in line with the requirements of the accounting standards although the lease will be renewed.

ix) The list of products produced by LCT.

Mr Philip Kong said that the LCT Group has two principal product categories namely:-

- Polyolefins, comprising polyethylene and polypropylene.
- Olefins, comprising ethylene and propylene and derivatives, comprising butadiene, tertiary butyl alcohol, benzene and toluene.

**LOTTE CHEMICAL TITAN HOLDING BERHAD**  
(222357-P)

**2018 Annual General Meeting**  
Ballroom 3, Sime Darby Convention Centre,  
1a Jalan Bukit Kiara 1, 60000 Kuala Lumpur  
On 24-April-2018 at 02:00PM

**Result On Voting By Poll**

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	1,935,415,729	99.899	1,949,900	0.101	1,937,365,629	100.000
Ordinary Resolution 2	1,937,365,629	100.000	0	0.000	1,937,365,629	100.000
Ordinary Resolution 3	1,938,790,329	100.000	4,700	0.000	1,938,795,029	100.000
Ordinary Resolution 4	1,938,550,829	99.987	244,200	0.013	1,938,795,029	100.000
Ordinary Resolution 5	1,938,886,929	100.000	0	0.000	1,938,886,929	100.000
Ordinary Resolution 6	1,912,529,260	98.641	26,357,669	1.359	1,938,886,929	100.000
Ordinary Resolution 7	211,050,429	100.000	0	0.000	211,050,429	100.000

