



Lifetime Value Creator



INTEGRATED
ANNUAL
REPORT
2025

INSIDE THIS REPORT



This report is available online at:
<https://www.lottechem.my/investor/agm.asp>



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2026 ANNUAL GENERAL MEETING

VENUE

Meeting Room 2,
Level 2, Renaissance Johor Bahru Hotel,
2 Jalan Permas 11, Bandar Baru
Permas Jaya, 81750 Masai,
Johor Darul Takzim

Date

Monday, 25 May 2026

Time

10.00 am



NAVIGATION ICONS

The following icons are used in this report to indicate where additional information can be found.



This icon tells you where you can find related information in this report.



This icon tells you where you can go for more information online.

SECTION 1

WHO WE ARE

- 04 About this Report
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ABOUT THIS REPORT



This year marks the eighth (8th) year that LOTTE Chemical Titan Holding Berhad (“LCT” or the “Company”) is publishing an Integrated Annual Report (“IAR”) prepared in accordance with the Guiding Principles and Content Elements of the Integrated Reporting (“<IR>”) Framework under the International Financial Reporting Standards (“IFRS”) Foundation.

The data and information presented in this IAR cover LCT and its subsidiaries (collectively referred to as “the Group”) for the financial year ended 31 December 2025 (“FY2025”).

The Board of Directors (“Board”) remains committed to continue LCT’s integrated reporting journey, in alignment with the <IR> Framework, to provide a holistic view of our financial and non-financial strategic goals and how we continue to create value for our brand, business and stakeholders. This IAR serves as a key communication tool for stakeholders, offering insight into how we utilise our resources, manage risks and opportunities and strengthen the resilience of our operations.

OUR REPORTING SUITE AND REPORTING FRAMEWORKS AND REQUIREMENTS

INTEGRATED ANNUAL REPORT 2025

OUR REPORTING SUITE



Our IAR serves as the Group’s primary communication to stakeholders, providing a clear and concise overview of how we generate value. It explains how our resources and business inputs are deployed to support sustainable operations and long-term value creation across our organisation.

RELEVANT REPORTING FRAMEWORKS AND REQUIREMENTS

- <IR> Framework under IFRS Foundation
- MAIN Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
- Companies Act 2016
- Malaysian Code on Corporate Governance
- Corporate Governance Guide (4th Edition)
- Bursa Malaysia Sustainability Reporting Guide and Toolkits (3rd Edition)
- Global Reporting Initiative (“GRI”) Standards
- International Petroleum Industry Environmental Conservation Association’s (“IPIECA”) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting

FINANCIAL STATEMENTS 2025

OUR REPORTING SUITE

The Financial Statements (“FS”) provide a comprehensive report of LCT’s financial performance for the year.

RELEVANT REPORTING FRAMEWORKS AND REQUIREMENTS

- MMLR of Bursa Malaysia
- Companies Act 2016
- Malaysian Financial Reporting Standards (“MFRSs”)
- IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standards Board

CORPORATE GOVERNANCE REPORT 2025

OUR REPORTING SUITE

The Corporate Governance Report presents a detailed account of LCT’s corporate governance practices.

RELEVANT REPORTING FRAMEWORKS AND REQUIREMENTS

- Malaysian Code on Corporate Governance
- MMLR of Bursa Malaysia
- Companies Act 2016

ABOUT THIS REPORT

REPORTING SCOPE AND BOUNDARY

The information presented in this IAR covers the period from 1 January 2025 to 31 December 2025. It encompasses all business operations conducted by LCT, including, unless stated otherwise, operations over which we have full control as well as subsidiaries located in Malaysia and Indonesia.

Notwithstanding the above, the data presented in Sections 3 and 4 of this report exclude PT LOTTE Chemical Indonesia (“LCI”), which commenced commercial operations on 15 October 2025. Given the partial-year operations and the transitional phase of the facility, sustainability-related data for LCI have not been included in the FY2025 reporting scope.

LCI has established its Sustainability Working Group (“SWG”) and continues to enhance its sustainability governance framework in alignment with LCT’s framework. Sustainability-related disclosures for LCI will be incorporated in future reporting periods in accordance with applicable reporting requirements.

The Prescribed Table presented in Section 4, prepared in alignment with the Bursa Sustainability Reporting Guide and Centralised Sustainability Intelligence (“CSI”) Platform, covers only operations in Malaysia following an internal review of the non-financial data.

MATERIALITY

We apply the Framework’s Guiding Principle of Materiality to determine which information is most relevant for inclusion in this IAR. This approach ensures that the issues, risks, opportunities and challenges with the greatest potential to affect LCT’s sustainability and long-term value creation are clearly highlighted. By focusing on what is most material, our disclosures remain responsive to evolving stakeholder expectations and reflective of the factors that shape our resilience and future performance.

FORWARD-LOOKING STATEMENTS

This IAR may contain forward-looking statements regarding the Group’s future outlook, plans and expectations. Such statements may include terms such as “anticipate”, “believe” or “expect”, among others, and are based on assumptions and expectations at the time of reporting. However, actual results may differ materially due to various risks, uncertainties and external factors beyond our control that could affect the Group’s operational or financial performance.

ASSURANCE

Our financial statements are independently audited while the development of our non-financial disclosures is supported by our robust internal processes and strong governance practices.

BOARD RESPONSIBILITY STATEMENT

LCT’s Board acknowledges their responsibility for ensuring the integrity of the Group’s integrated reporting. The Board has considered and addressed all matters material to LCT’s ability to create value and is satisfied that this IAR provides a fair and balanced presentation of the Group’s integrated performance. This IAR was approved by the Board on 13 April 2026.

FEEDBACK AND CONTACT POINT



We believe your feedback is important for us to enhance the quality of our report. If you would like to provide feedback, please contact us at <https://www.lottechem.my/cs/inform.asp>.

ICONS USED IN THIS REPORT

STRATEGY PILLARS



Stable and Safe Plant Operations



Business Sustainability



Environmental, Social and Governance (“ESG”)

OUR CAPITALS



Financial Capital



Natural Capital



Skilled Talent



Manufactured Capital



Intellectual Capital



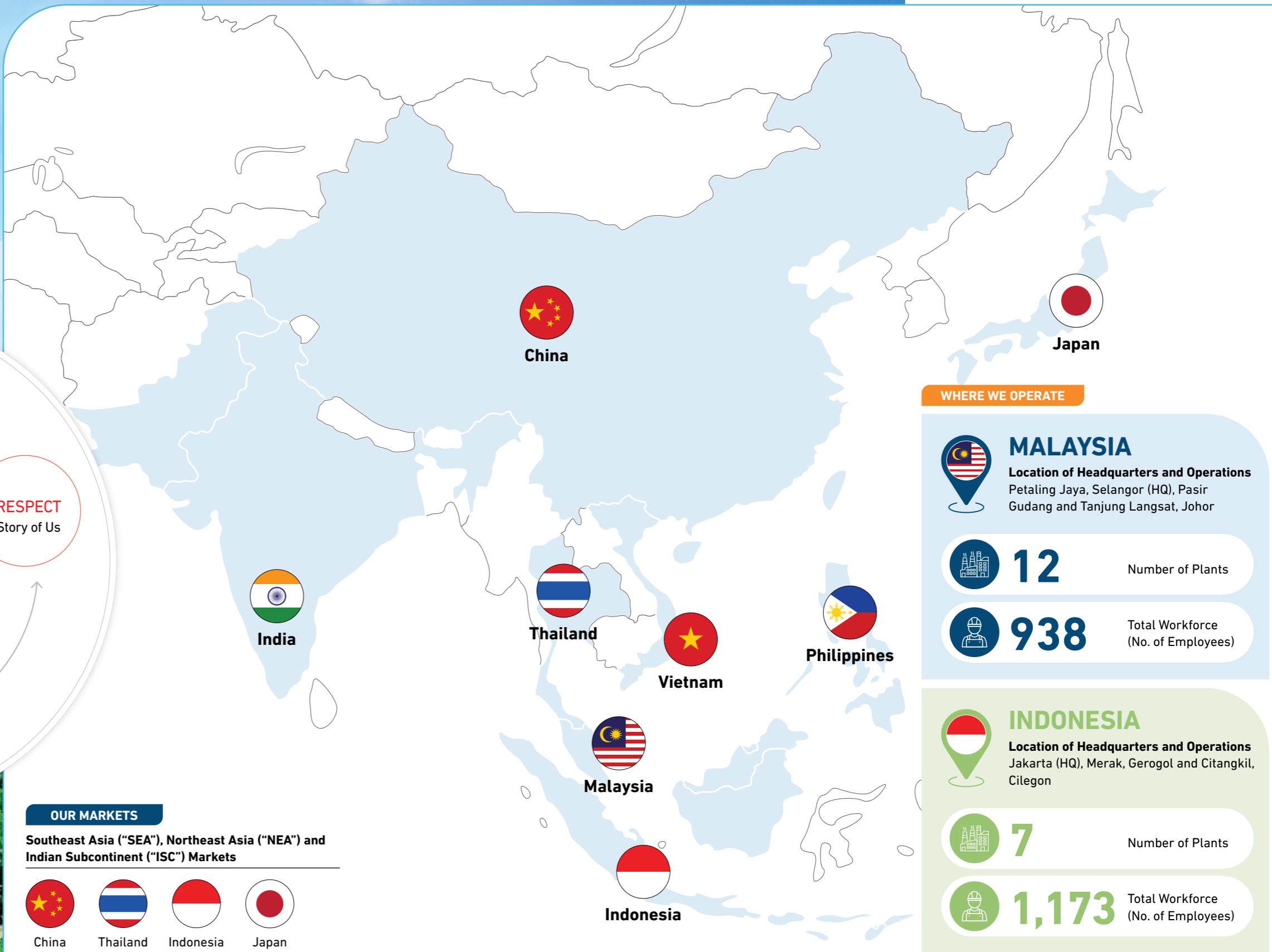
Social and Relationship Capital

LCT AT A GLANCE

LCT AT A GLANCE

OUR HISTORY AND NATURE OF BUSINESS

LCT has grown with resilience since its inception in 1991, establishing itself as Malaysia's first standalone polyolefins producer. Today, we are one of LOTTE Chemical Corporation's largest overseas subsidiaries and among the leading producers of olefins and polyolefins in Malaysia and Southeast Asia ("SEA").





OUR MARKETS
Southeast Asia ("SEA"), Northeast Asia ("NEA") and Indian Subcontinent ("ISC") Markets

-  China
-  Thailand
-  Indonesia
-  Japan
-  Vietnam
-  Philippines
-  India
-  Malaysia

WHERE WE OPERATE

MALAYSIA
Location of Headquarters and Operations
Petaling Jaya, Selangor (HQ), Pasir Gudang and Tanjung Langsat, Johor

 **12** Number of Plants

 **938** Total Workforce (No. of Employees)

INDONESIA
Location of Headquarters and Operations
Jakarta (HQ), Merak, Gerogol and Citangkil, Cilegon

 **7** Number of Plants

 **1,173** Total Workforce (No. of Employees)

MEMBERSHIP IN ASSOCIATIONS
We are a member of the Malaysian Petrochemicals Association, Malaysian Plastics Manufacturers Association and Federation of Malaysian Manufacturers.

For further information and details please visit our website <https://www.lottechem.my>.

OUR CORPORATE STRUCTURE



LOTTE CHEMICAL TITAN HOLDING BERHAD

Listed Company



MALAYSIA



INDONESIA



U.S.A.

100% LOTTE Chemical Titan (M) Sdn. Bhd.
Manufacturing Company

92.5% PT LOTTE Chemical Titan Tbk*
Listed Company

40% LOTTE Chemical USA Corporation
Investment Holding Company

100% LOTTE Chemical Titan Corporation Sdn. Bhd.
Principal Hub Company

92.5% PT LOTTE Chemical Titan Nusantara**
Manufacturing Company

51% PT LOTTE Chemical Indonesia
Manufacturing Company (LINE Project)

Notes:

* Held through a wholly-owned subsidiary of LOTTE Chemical Titan Holding Berhad ("LCT").

** Held through PT LOTTE Chemical Titan Tbk and a wholly-owned subsidiary of LCT.

OUR PRODUCTS AND QUALITY

We cater to the needs of customers who manufacture products essential to economic development across multiple sectors. As a producer of raw materials for the plastic fabrication industry, our products serve as critical inputs throughout the manufacturing supply chain. Their wide-ranging industrial applications support continuous economic activity and meet the demands of a growing global population.



| Focus Area | Regulatory Compliances/Certification |
|---|---|
| Specific Application | <ul style="list-style-type: none"> UL Environmental Claim Validation Bureau of Indian Standard ("BIS") IS 7328:2020 Specification for Polyethylene Material for Moulding and Extrusion Bureau of Indian Standard ("BIS") IS 10951:2020 Specification for Polypropylene Material for Moulding and Extrusion |
| Toy Safety | <ul style="list-style-type: none"> US: Standard Consumer Safety Specification for Toy Safety ASTM F963 Europe: EN71-3:2019+A2:2024 (EU Directive 2009/48/EC) and EN71-9:2005 |
| Environmental Protection | <ul style="list-style-type: none"> WEEE – Waste Electrical and Electronic Equipment – EU Directive 2002/96/EC and 2012/19/EU End of Life Vehicle ("ELV") – EU Directive 2000/53/EC US Clean Air Act Amendments of 1990 |
| Restricted or Hazardous Substances Control | <ul style="list-style-type: none"> REACH – Regulation (EC) No.1907/2006 EU Directive 2011/65/EC Regulation (EC) No. 1895/2005 CONEG – Coalition of Northeastern Governors Model Toxics in Packaging California Proposition 65 (1986) chemical listing in general GADSL – Global Automotive Declaration Substance List (February 2025) |
| Food Contact | <ul style="list-style-type: none"> US: Food & Drug Administration ("FDA") Code of Federal Regulations ("CFR"), Title 21 Part 177.1520 European Union ("EU"): Regulation No. 10/2011 China: National Standard of Food Safety, (GB4806.1-2016, GB4806.7-2023 and GB9685-2016 (No. 1 Amendment Sheet)) Japan: Japan Chemical Innovation and Inspection Institute ("JCII"), formerly known as Japan Hygienic Olefin and Styrene Plastics Associations ("JHOSPA") Malaysia: Malaysia Food Regulations 1985 Part VI Indonesia: Badan Penyelenggara Jaminan Produk Halal ("BPJPH") Halal Certification for Indonesian Market by Majelis Ulama Indonesia Indonesia: Indonesia Badan Pengawas Obat dan Makanan ("BPOM") Regulation No.20 of 2019 on Food Packaging |

HOW WE POSITION OURSELVES IN THE BUSINESS

At LCT, we continue to monitor our operating environment and the key factors influencing our business performance. In light of current market conditions, we remain focused on responsible operational management and maintaining engagement with stakeholders to support business continuity.

GOVERNANCE 01

We regard sound governance as the backbone that supports us throughout our value creation journey. Governance is embedded in the way we operate, and we ensure alignment with our values and strategic objectives. Refer to pages 114 to 133 for further details.

ANALYSE 02

Our Operating Environment

We analyse our operating context to identify the risks and opportunities that could impact our ability to create value over the short-, medium- and long-term. Refer to page 26 for further details.

03

Stakeholders' Needs and Expectations

We acknowledge the importance of continuous engagement with our stakeholders, ensuring the continued success of our business and the growth of our brand. Refer to pages 27 to 30 for further details.

IDENTIFY 04

Our Integrated Risk Assessment

Based on the assessment, we derive our business-related, industry-specific and sustainability matters, taking into account the expectations of our business and key stakeholder groups. Refer to pages 31 to 34 for further details.

05

Our Strategy


We consider our operating environment, key risks and opportunities and stakeholders' feedback as the compass guiding the formulation of our business strategy. Refer to page 35 for further details.

FORMULATE OUR STRATEGY 06

Our Integrated Business Strategy

As we continue to pursue our corporate business objective, we work to align our internal sustainability practices with local and global sustainability goals. Refer to pages 40 to 97 for further details.

STRATEGY PILLAR 1

 **Stable and Safe Plant Operations**

STRATEGY PILLAR 2

 **Business Sustainability**

STRATEGY PILLAR 3

 **Environmental, Social and Governance ("ESG")**

HOW WE POSITION OURSELVES IN THE BUSINESS

HOW WE CREATE VALUE 07

We demonstrate how we create value by delivering on our performance indicators and alignment of our efforts to strategic objectives and the United Nations Sustainable Development Goals ("UNSDG"). Refer to pages 36 to 37 for further details.

BUSINESS INPUTS/OUR RESOURCES

RAW MATERIALS

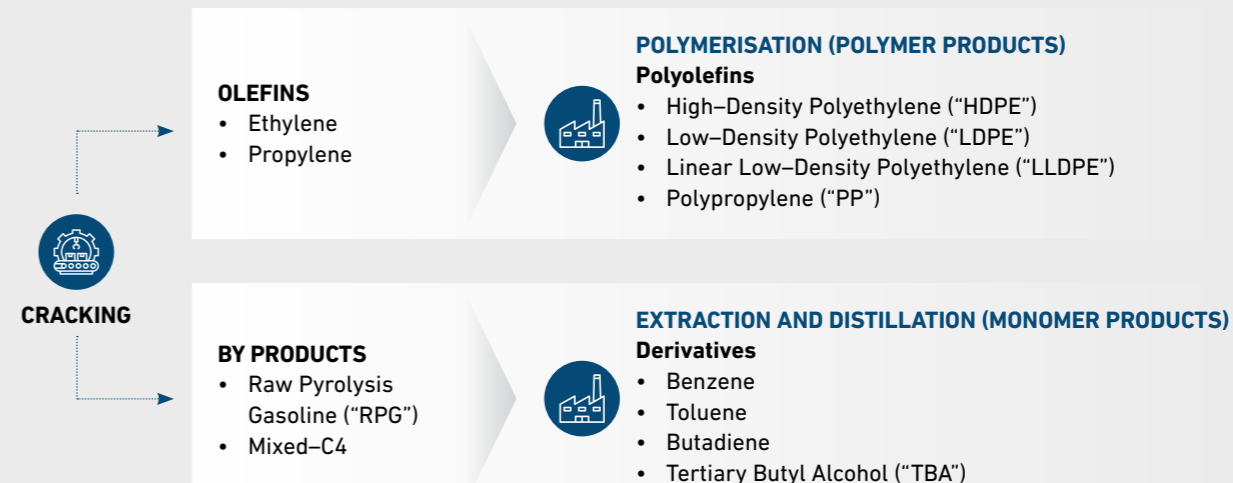


Extraction and Production

Naphtha is widely used in our production processes, and our feedstock is sourced from reputable suppliers. We recognise the importance of continually assessing market conditions and emerging risks to ensure a stable and sufficient supply of feedstock. This approach also enables us to maintain cost effectiveness while supporting uninterrupted operations.

BUSINESS OPERATIONS

Petrochemical Industry



LCT'S VALUE CHAIN

OUTCOMES

DOWNSTREAM

Plastic Fabricators



FINISHED PRODUCTS

End-Consumer Product Applications



SECTION 2

TO OUR SHAREHOLDERS

- 14 Chairman's Statement
- 16 President & CEO's Message and
Management Discussion and Analysis
- 22 Sustainability Working Group Chairman's
Message



CHAIRMAN'S STATEMENT

DEAR STAKEHOLDERS,

We aim to ensure smooth and safe operations by maintaining high safety standards. At the same time, we are committed to long-term business sustainability by managing production output, cash flow and costs. Additionally, we adopt strong governance practices and implement social responsibility initiatives. These strategies guide our efforts to maintain sustainable operations while meeting the expectations of our stakeholders.

TAN SRI DATO' ABDUL RAHMAN MAMAT
Chairman

CHAIRMAN'S STATEMENT

THE YEAR IN REVIEW

In 2025, the petrochemical industry remained under pressure amid persistent oversupply and slow demand recovery. Industry performance was influenced by product spread volatility from fluctuations in feedstock and naphtha prices, global supply and demand conditions, our operating rates and broader global and regional economic conditions driven by consumption trends and population growth. Market conditions were further affected by the introduction of the new United States of America ("U.S.") reciprocal tariffs, alongside geopolitical tensions in the Middle East and Europe. The escalation of the U.S./Israel-Iran war in early 2026 is expected to further add volatility to costs and trade flows heading into the new financial year.

During the year, we adjusted plant operating rates to align with market demand. Despite these challenges, we completed the LOTTE Chemical Indonesia New Ethylene ("LINE") project, which commenced commercial operations on 15 October 2025.

FINANCIAL PERFORMANCE

LOTTE Chemical Titan Holding Berhad ("LCT" or "the Company") continued to operate in a challenging petrochemical market environment during the financial year ended 2025 ("FY2025"). While market conditions remained weak, LCT's revenue increased from RM7,435 million in 2024 to RM7,941 million in 2025, mainly driven by sales contributions from the LINE project following its commercial operation in October 2025. However, the revenue increase was partially offset by lower average product selling prices, reflecting continued pressure from regional supply expansion and cautious downstream purchasing activities.

The Group reported a loss before interest, taxation, depreciation and amortisation ("LBITDA") of RM1,892 million and net loss of RM2,705 million in 2025. The losses were primarily attributed to impairment losses on property plant and equipment and right-of-use assets, margin compression and higher inventory write-downs to net realisable value.

In addition, the LINE project contributed to higher depreciation charges and increased finance costs, which further impacted overall financial performance. The petrochemical industry continued to face structural challenges arising from persistent oversupply, particularly from new capacities in China and other parts of Northeast Asia. At the same time, ongoing geopolitical uncertainties and evolving trade dynamics such as the introduction of the U.S. reciprocal tariffs also contributed to volatility in feedstock costs and product demand, further compressing industry margins. Partially offsetting these factors was the reduction in losses from our associate company, LOTTE Chemical USA Corporation.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG")

On ESG management, we focus on strict adherence to climate-related regulations, employee welfare and safety and upholding strong governance practices.

On environmental matters, we continued to ensure compliance with applicable rules and regulations. On the social front, we implemented Occupational, Health, Safety & Environment ("OHSE") initiatives, developed our employees through continuous training, upheld fair employment practices and ensured human rights protection, while supporting community well-being through our People, Education, Aid, Community and Environment ("P.E.A.C.E.") initiatives, Corporate Social Responsibility ("CSR") initiatives and responsible supply chain management. As for governance, we reinforced compliance through our Business Ethics & Code of Conduct ("BECOC"), Anti-Bribery & Anti-Corruption ("ABAC") framework, whistleblowing mechanisms, data security measures and adherence to the Malaysian Code on Corporate Governance, supported by a robust Enterprise Risk Management framework.

These initiatives support LCT's sustainable competitive advantage as we proactively assess emerging risks and adapt our strategies to address them effectively.

LOOKING AHEAD

The petrochemical sector is highly cyclical, influenced by the following factors:

- Product spread arising from fluctuations in feedstock and naphtha prices, which are closely linked to changes in crude oil prices;
- Global supply and demand for petrochemical products;
- Our annual operating rates;
- Overall global and regional economic conditions, which are driven by consumption behaviors and population growth; and
- Geopolitical tensions.

The Group expects the global business environment to remain volatile in the near future. Despite these headwinds, LCT remains focused on maintaining its financial resilience to navigate the prolonged downturn. Management continues to focus on maintaining business continuity and positioning the Group for recovery when market conditions improve.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my deepest gratitude to our customers, business partners, suppliers, government authorities and regulators for their unwavering trust and continued support in LCT.

My sincere appreciation also goes to the Board of Directors, the dedicated Management team and employees for their hard work and unwavering support amidst challenging times.

TAN SRI DATO' ABDUL RAHMAN MAMAT
Chairman

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

DEAR STAKEHOLDERS,

FY2025 remained a challenging year for the petrochemical industry, characterised by prolonged market imbalance and margin pressure. In navigating these conditions, LOTTE Chemical Titan Holding Berhad focused on operational stability, prudent financial management and safeguarding long-term value.

JANG SEON PYO

President & Chief Executive Officer,
Non-Independent Executive Director

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW: OPERATING CONTEXT IN FY2025

FY2025 was characterised by a highly challenging operating environment for the global petrochemical industry. The industry has been experiencing an unprecedented and prolonged downturn in the post-COVID period which has been driven largely by a combination of adverse external factors beyond the Group's control, including ongoing global geopolitical tensions (such as the Russia-Ukraine, Israel-Palestine and China-U.S. conflicts), moderation in global economic growth, heightened volatility in crude oil prices and an oversupply of petrochemical products relative to demand resulting in persistently depressed industry margins. Nevertheless, the global economy has been more resilient than anticipated, with global growth projected to stay broadly steady over the next two years, easing to 2.6% in 2026 before rising to 2.7% in 2027. While domestic economies in Malaysia and Indonesia remained relatively resilient, external demand conditions continued to weigh on industry performance.

The short-term outlook for the petrochemical sector is cautious, with subdued demand and pricing volatility prevailing throughout the year. Uncertainty surrounding government policies, sanctions

and potential changes in taxes or tariffs further influenced market sentiment. The ongoing conflict between the U.S. and Iran has heightened geopolitical tensions, contributing to increased uncertainty in global energy markets and placing upward pressure on oil prices, particularly amid concerns over supply flows through the strategic Strait of Hormuz. In response, petrochemical companies globally have adopted various defensive and consolidation strategies to manage the downturn, including involution in China, mergers and capacity rationalisation in South Korea, lowering of operating rates and temporary plant shutdowns. The Group is attentive to market developments while closely managing operations and financial liquidity.

During the year, the Group pursued operational rationalisation to optimise facility utilisation in line with market demand. LCT continued to secure competitively priced and reliable feedstock to support cost competitiveness. In parallel, the Group expanded sales of premium and higher value-added products to support margin. These measures enabled the Group to maintain operational continuity and effectively manage the challenge of a difficult industry cycle.

AWARDS AND ACHIEVEMENTS

Despite a challenging operating environment, LCT remains focused on maintaining high standards of operational discipline, governance and execution across its businesses. The awards and recognitions received in FY2025 reflect the Group's continued commitment to operational excellence, regulatory compliance and responsible management practices.

CHIEF GOVERNMENT SECURITY OFFICER (CGSO) AUDIT

Achieved a 5-star rating with a 96% score, reflecting strong security governance, compliance and operational controls across LCT's Malaysian operations.

PLATINUM RATING – OHS COMMITTEE

Recognised by the Banten Provincial Government for exemplary implementation of occupational health and safety committee practices.

PRIME MINISTER'S HIBISCUS AWARD (PMHA) 2024/2025 – NOTABLE ACHIEVEMENT AWARD

Recognised for LCT's environmental management and conservation practices under the PMHA 2024/2025 competition cycle.

PLATINUM RATING – ZERO ACCIDENT

Achievement awarded by the Banten Provincial Government in recognition of sustained zero-accident performance.

GOLD RATING – OHSE MANAGEMENT SYSTEM

Awarded by the Ministry of Manpower of the Republic of Indonesia, recognising strong implementation of occupational health, safety and environmental systems.

GOLD RATING – HIV/AIDS PREVENTION AND MITIGATION

Received Gold rating from Banten Province for effective workplace HIV/AIDS prevention and mitigation programmes.

BLUE RATING – PROPER PROGRAMME

Achieved a Blue rating under Indonesia's PROPER environmental performance assessment, reflecting compliance with national environmental standards.

AGYAKARI JAMINAN KESEHATAN NASIONAL AWARD

Recognised by Badan Penyelenggara Jaminan Sosial Kesehatan (National Health Insurance) for strong compliance and commitment to employee health protection and social security participation.

These achievements reflect LCT's ability to uphold strong operational standards amid challenging market conditions and underscore the Group's disciplined approach to governance, risk management and people practices, supporting long-term business resilience.

PRESIDENT & CEO'S MESSAGE AND
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW

Operating Environment and Business Response

FY2025 continued to be a challenging year for the global petrochemical industry, marked by persistent oversupply, subdued demand growth and margin pressure amid volatile energy prices and geopolitical uncertainties. Against this backdrop, LCT adopted a cautious and disciplined operating stance. Average plant utilisation was maintained at approximately 52% reflecting Management's deliberate approach to align production with market demand. No major turnaround activities were undertaken during the year, allowing the Group to conserve cash, maintain operational flexibility and prioritise safe, stable operations in a weak pricing environment.

Group revenue increased to RM7,941 million in FY2025, a 7% increase from RM7,435 million in FY2024, primarily supported by higher sales volume which was driven by the LINE project which was commercialised in October 2025. The increase was partially offset by lower average selling prices, reflecting continued oversupply in the regional petrochemical market and weaker demand conditions. The prolonged imbalance between supply and demand continued to weigh on margins across the industry. As a result, the Group recorded a loss from operations of RM2,381 million in FY2025, compared with RM1,334 million in FY2024, while LBITDA deteriorated from RM817 million in 2024 to RM1,892 million in 2025. The weaker performance was driven by margin compression, impairment loss on property, plant and equipment and right-of-use assets, changes in inventories write-downs to net realisable value as well as additional depreciation and interest expenses following the commercialisation of the LINE project. Consequently, net loss after tax amounted to RM2,705 million, compared with RM1,298 million in FY2024.

Total Assets

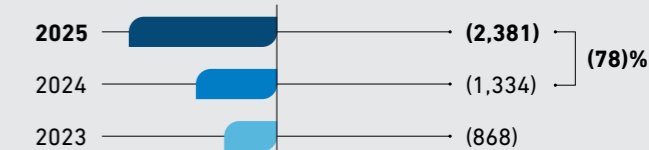
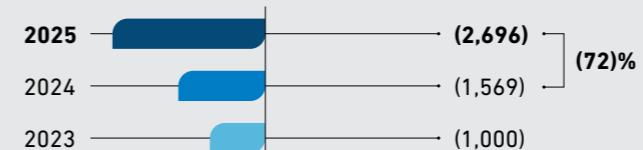
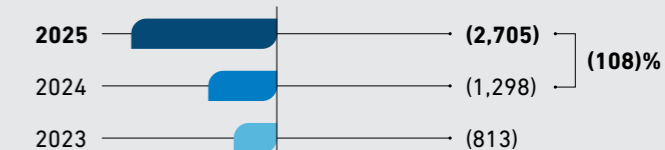
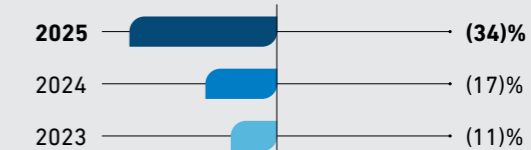
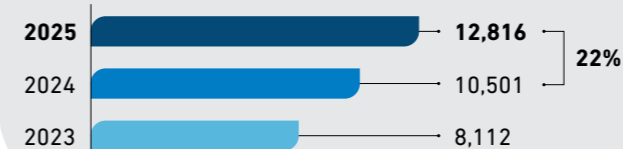
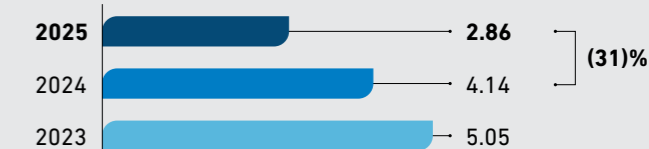
As at 31 December 2025, the Group's total assets stood at approximately RM21,821 million, lower as compared to RM23,299 million recorded at the end of FY2024. The decrease in total assets during the year was mainly due to foreign exchange translation effects arising from the weakening of the US dollar against the Malaysian Ringgit, the Group's presentation currency as well as impairment losses recognised on property, plant and equipment and right-of-use assets.

These were partially offset by higher inventories, trade receivables, and cash and bank balances following the commissioning of LCI. The increase in working capital balances was mainly driven by the consolidation of LCI's operations and additional borrowings undertaken to support working capital requirements and maintain adequate liquidity in the current operating environment.

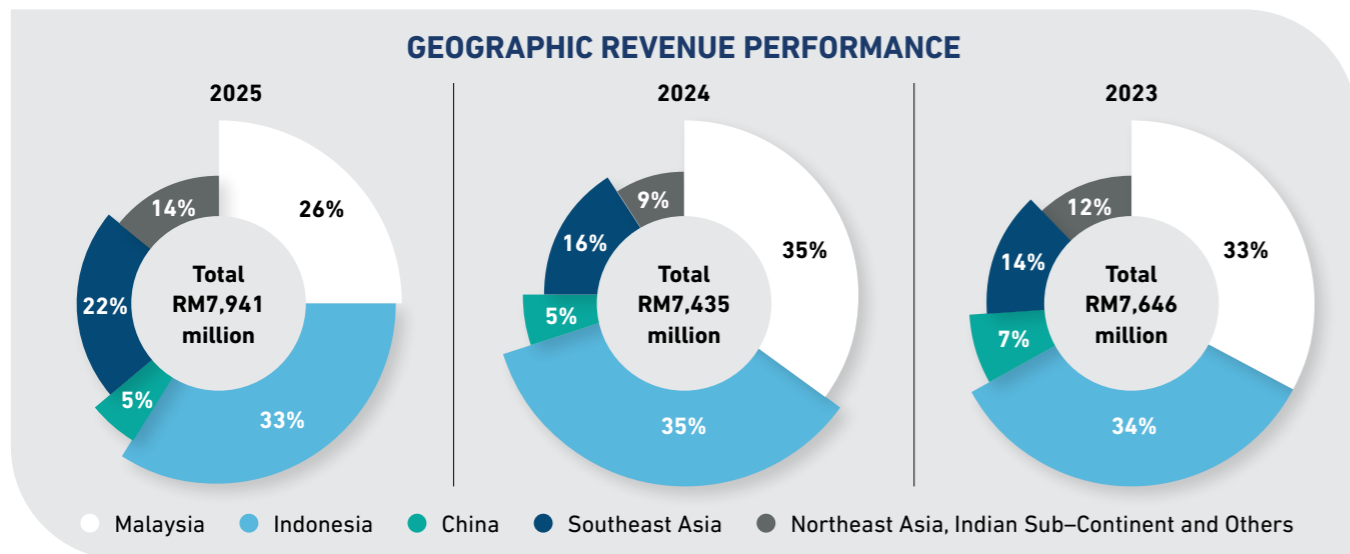
Total Liabilities

Total liabilities rose to approximately RM12,816 million in FY2025, compared with RM10,501 million in FY2024, reflecting higher borrowings undertaken during the year. The increase in borrowings was mainly attributable to drawdowns undertaken to fund the LINE project, as well as additional financing to support working capital requirements in light of the current industry conditions.

The Group's liability position reflects the funding requirements associated with the completion and ramp-up of the LINE project. The Group continues to monitor its liquidity position and funding requirements to ensure sufficient financial resources are available to support ongoing operations.

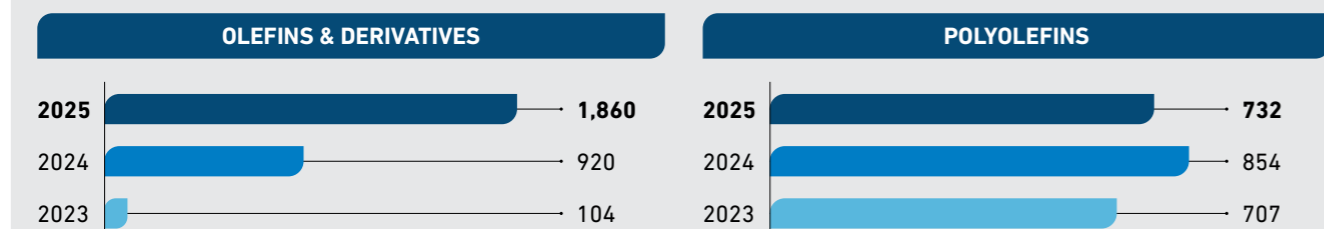
PRESIDENT & CEO'S MESSAGE AND
MANAGEMENT DISCUSSION AND ANALYSISFINANCIAL HIGHLIGHTS
THREE-YEAR COMPARISONREVENUE
(RM Million)LOSS FROM OPERATIONS
(RM Million)LOSS BEFORE TAX ("LBT")
(RM Million)LOSS AFTER TAX ("LAT")
(RM Million)LBITDA
(RM Million)LAT MARGIN
(%)LBITDA MARGIN
(%)TOTAL ASSETS
(RM Million)TOTAL LIABILITIES
(RM Million)NET ASSET VALUE PER SHARE
(RM)

PRESIDENT & CEO'S MESSAGE AND
MANAGEMENT DISCUSSION AND ANALYSIS



Malaysia and Indonesia were LCT's core markets in FY2025, together contributing approximately 59% of total revenue. The lower revenue contribution from Malaysia was mainly attributable to lower operating rates at the Malaysian plants, partially offset by higher revenue contribution from LCI. The Group continued to monitor opportunities in Southeast Asia while managing exposure to highly competitive export markets.

SEGMENTAL PERFORMANCE LBT (RM MILLION)



In FY2025, the Olefins and Derivatives Products segment operated in a difficult market environment characterised by persistent oversupply, volatile feedstock prices and subdued downstream demand. Despite these conditions, segment revenue increased by 91%, from RM1,602 million in FY2024 to RM3,065 million, primarily driven by sales contribution from the LINE project.

The segment recorded a loss before tax of RM1,860 million, compared with RM920 million in the previous year, primarily due to impairment loss on property, plant and equipment and right-of-use assets, narrowed margin spread, changes in inventories write-down to net realisable value, additional depreciation and interest expenses upon commissioning of the LINE project.

The Polyolefin Products segment continued to be under pressure in FY2025 due to ongoing regional oversupply, which affected sales volumes and pricing. Segment revenue declined by 16%, from RM5,833 million in FY2024 to RM4,876 million, mainly due to lower sales volume in Malaysian operations and weakening in average product selling price. This impact was partially offset by the sale contribution from the LINE project.

The segment reported a lower loss before tax of RM732 million, compared with RM854 million in the prior year primarily due to lower cost from ongoing plant optimisation. This was partially offset by higher impairment loss on property, plant and equipment and right-of-use assets and higher inventories write-down to net realisable value.

PRESIDENT & CEO'S MESSAGE AND
MANAGEMENT DISCUSSION AND ANALYSIS

SUSTAINABILITY AND ESG PROGRESS

During the year, LCT continued to manage sustainability and ESG matters through established policies, systems and governance structures. Against the backdrop of the prevailing market conditions, the Company focused on maintaining compliance with applicable requirements and supporting stable operations. Sustainability considerations continue to be addressed as part of routine operational management.

Environment: Responsible Operations and Environmental Stewardship

LCT strives to reduce environmental impacts across the countries in which we operate by prioritising the maintenance and enhancement of our environmental management systems and monitoring equipment. We also continuously identify opportunities to adopt advanced environmental monitoring technologies, particularly for emissions monitoring, to address climate-related risks.

People: Workforce Capability and Talent Resilience

LCT's workforce capability development is driven by structured Learning & Development ("L&D") programmes, guided by an annual Training Needs Analysis ("TNA") to identify targeted competency requirements across business units. Training is delivered through a mix of virtual, physical and short-course formats to support operational excellence and leadership development. Talent retention is also a key focus. In FY2025, critical roles and high-potential employees were identified and supported through retention initiatives including competitive remuneration, accelerated career pathways and leadership appointments. These efforts help ensure operational continuity while building a pipeline of future leaders to support long-term growth.

Governance and Safety: Strong Controls and Ethical Conduct

Strong governance and a culture of safety is fundamental to LCT's ability to operate responsibly and sustainably. The Group continues to enhance its governance framework through clear policies, well-defined controls and regular training programmes covering key areas such as anti-bribery and anti-corruption, whistleblowing, conflict of interest and regulatory compliance. These measures reinforce accountability and ethical conduct across all levels of the organisation.

Safety and risk management are deeply integrated into daily operations, supported by structured oversight, consistent monitoring and continuous improvement initiatives. By maintaining high standards in governance and safety, LCT safeguards operational integrity, protects stakeholders and ensures the organisation is resilient amid an evolving regulatory and business landscape.

RISK MANAGEMENT

Amid persistent market challenges and uncertainties, we continue to strengthen and adapt our business strategies to ensure resilience and agility in responding to market developments.

- Reinforce our value and supply chain to improve efficiency and ensure reliable market supply
- Maintain strong collaboration with reliable suppliers to support supply security and cost competitiveness
- Pursue market diversification while optimising capacity utilisation in line with prevailing market demand

FORWARD-LOOKING STATEMENTS: HEADING INTO 2026

Looking ahead to FY2026, LCT is focused on navigating ongoing economic uncertainty and geopolitical volatility with discipline and resilience. The Group's immediate priorities centre on optimising production plans by balancing operating rates, customer demand and economic efficiencies, while maintaining strict cost management across the value chain. Continued emphasis will be placed on operational efficiency enhancements and prudent capital and liquidity management to ensure resilience through the current industry cycle. Product competitiveness will remain a key strategic lever as LCT continues to strengthen its product portfolio and long-term positioning.

Despite an unprecedented industry downturn, LCT is committed to delivering stable supply, high-quality products and sustainable value for all stakeholders.

On behalf of the Board of Directors and Management, we thank you for your continued faith and support in LCT as we embark on another year poised with anticipation to deliver value by creating solutions for everyday sustainable living.

JANG SEON PYO

President & Chief Executive Officer



SUSTAINABILITY WORKING GROUP CHAIRMAN'S MESSAGE



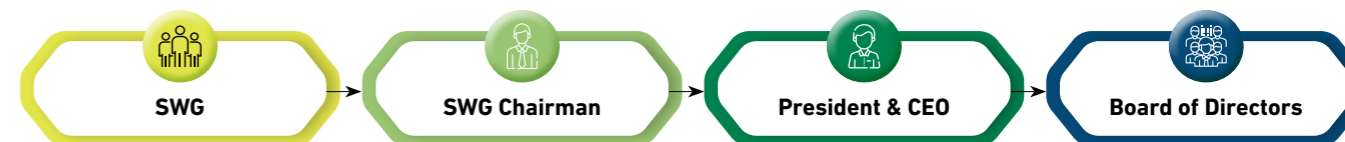
DEAR STAKEHOLDERS,

The year 2025 continued to be a challenging period for LOTTE Chemical Titan Holding Berhad ("LCT"), shaped by prolonged industry headwinds, soft market demand and sustained financial pressures. In navigating these conditions, we focused on maintaining responsible practices, ensuring regulatory compliance and upholding the core principles that support transparent and stable operations across the Group.

PHILIP KONG
Chairman,
Sustainability Working Group

SUSTAINABILITY WORKING GROUP CHAIRMAN'S MESSAGE

Oversight of sustainability matters is anchored through the Sustainability Working Group ("SWG"), which forms part of our established governance structure. The SWG provides regular updates to the Board, ensuring that key sustainability matters, including compliance requirements and areas requiring ongoing attention, are reviewed at the appropriate governance level.



BUSINESS SUSTAINABILITY & ESG

| ENVIRONMENTAL | SOCIAL | GOVERNANCE |
|--|---|--|
| <ol style="list-style-type: none"> Carbon Policies Compliance Ensure compliance with regulations relating to carbon emissions Carbon Management Manage Greenhouse Gas ("GHG") Emissions and carbon emission related initiatives Resource Management Efficient resource management Circular Economy Explore circular economy initiatives with relevant stakeholders | <ol style="list-style-type: none"> Safety and Health Implementation of Occupational Safety, Health and Environment ("OSHE") initiatives and safety training programmes Human Capital Development Continue to develop Human Capital Development initiatives and ensure Human Rights and Fair Employment Practices Mutual Growth <ul style="list-style-type: none"> Focus on P.E.A.C.E (People, Education, Aid, Community, Environment) CSR Programmes Supply chain management | <ol style="list-style-type: none"> Compliance and Corporate Governance Ensure compliance with applicable laws, regulations and practices within the Group including: <ul style="list-style-type: none"> Business Ethics & Code of Conduct ("BECOC") Anti-Bribery & Anti-Corruption ("ABAC") Framework Whistleblowing Policy Data Security Protection protocols Malaysian Code on Corporate Governance ("MCCG") Risk Management Effectively manage the Enterprise Risk Management Framework |

Our sustainability focus areas are managed through our materiality assessment framework. As a comprehensive stakeholder survey was conducted last year, the current year involved an internal review of existing material matters to confirm their continued relevance to our operating context and regulatory expectations.

LIST OF SUSTAINABILITY MATTERS IN FY2025

| High Importance | Medium-high Importance | Medium Importance |
|---|--|--|
| <ul style="list-style-type: none"> Sustainable Manufacturing and Product Quality Occupational Safety and Health | <ul style="list-style-type: none"> Environmental Management and Climate Change Customer Value Creation Data Security and Protection Regulatory Compliance Supply Chain Management | <ul style="list-style-type: none"> Human Rights and Fair Employment Practices Human Capital Development Community Development Business Development |

We are aligned with the requirements of the Bursa Malaysia Sustainability Reporting Guide and continue to structure our disclosures in accordance with its prescribed elements. Our overall approach to sustainability is based on the Company's operating circumstances, with emphasis placed on maintaining essential practices related to safety, environmental compliance and governance.

PT LOTTE Chemical Indonesia ("LCI") commenced commercial operations on 15 October 2025. LCI has established its SWG and will progressively align with LCT's sustainability governance framework in accordance with regulatory and reporting requirements.

Looking ahead, our sustainability efforts will continue to prioritise compliance and the maintenance of core practices

that support responsible operations. Enhancements will be introduced gradually where feasible and we will continue to monitor regulatory developments to ensure our disclosures are aligned with stakeholder expectations.

On behalf of the Board, I would like to express our appreciation to our employees, business partners, regulators and stakeholders for their continued support. We are committed to upholding responsible business conduct necessary for long-term organisational resilience.

PHILIP KONG
Chairman,
Sustainability Working Group

SECTION 3

OUR SUSTAINABILITY APPROACH

- 26 Strengthening Our Resilience Against Uncertainties
- 27 Understanding Our Stakeholders
- 31 Sustainability at the Core of Our Business
- 35 Transformation through Our Business Strategies
- 36 Our Value Creation Engine



STRENGTHENING OUR RESILIENCE AGAINST UNCERTAINTIES

In navigating a challenging global environment marked by market volatility, supply chain shifts, cost pressures and ongoing geopolitical uncertainties, LOTTE Chemical Titan Holding Berhad (“LCT” or the “Company”) focused on monitoring external developments and maintaining operational resilience. Our priorities include prudent cost management, maintaining operational flexibility and responding to changes in the business landscape. These actions support our ability to operate responsibly and adapt to evolving conditions.

Further details on key trends, impacts, 2026 Outlook and our way forward are described below:

| KEY TRENDS | IMPACTS | 2026 OUTLOOK | WAY FORWARD |
|---|---|--|---|
| <p>Persistent Global Challenges: Cyclicality and Crude Oil/Feedstock Price Fluctuations</p> <p>The petrochemical sector continues to operate in a challenging cycle, with oversupply, modest demand recovery and sustained margin pressure. Crude oil and feedstock prices remain volatile amid geopolitical tensions and uncertain global economic conditions, contributing to fluctuating production costs and utilisation planning challenges.</p> | <ul style="list-style-type: none"> Continued margin pressure due to oversupply and slower demand recovery Volatile crude oil and feedstock prices increase uncertainty in production costs Challenges in planning utilisation rates and balancing output with market conditions | <ul style="list-style-type: none"> Markets are expected to remain competitive with ongoing price fluctuations Recent geopolitical developments in the Middle East have heightened uncertainty in energy markets and key logistics routes, which may influence feedstock costs and supply conditions in the near term | <ul style="list-style-type: none"> LCT will focus on managing feedstock costs, improving cost competitiveness, whilst managing our operating rate in response to market developments |
| <p>Risking Vulnerabilities in Operations: Supply Chain, Currency, Talent and Projects Risks</p> <p>Global supply chain disruptions persist, driven by shifting trade routes, logistics delays and higher freight costs. Currency fluctuations and rising input prices continue to increase financial and operational pressure. At the same time, tight labour markets and wage inflation heighten challenges in securing and retaining skilled technical talent.</p> | <ul style="list-style-type: none"> Absorbing additional production costs or facing long-term reputational risk Currency and cost volatility affect procurement and operational planning Tight labour markets challenge talent retention and competency Logistics disruptions may delay the transportation and delivery timing of feedstock and raw materials, affecting production planning and operating rates | <ul style="list-style-type: none"> Supply chain volatility is expected to persist Freight, logistics and input costs may continue to be affected by external disruptions Geopolitical tensions may continue to affect global shipping routes and delivery schedules for feedstock and raw materials | <ul style="list-style-type: none"> LCT will continue diversifying supply sources and strengthening partnerships with reliable suppliers |
| <p>Forging Sustainable Paths That Are Here to Stay: Climate Change</p> <p>Stakeholders and regulators continue to refine their expectations around environmental compliance and sustainability-related information. Companies are gradually expected to provide clearer, more consistent disclosures, supported by practical internal processes that help manage environmental responsibilities and operational considerations effectively.</p> | <ul style="list-style-type: none"> Growing expectations from stakeholders and financial institutions for businesses to prioritise climate change efforts Continued consideration of environmental practices to support responsible operations Non-compliance may result in penalties, reputational damage and business continuity risks | <ul style="list-style-type: none"> Increased emphasis on climate-related disclosures as they transition from voluntary to mandated disclosures | <ul style="list-style-type: none"> LCT will monitor changes in environmental and climate-related expectations and strengthen internal practices where appropriate |

UNDERSTANDING OUR STAKEHOLDERS

Understanding stakeholder considerations forms part of LCT’s communication approach. The Company uses a stakeholder prioritisation framework to identify key stakeholder groups and continues to engage them through appropriate channels on matters relevant to the organisation.

| OUR STAKEHOLDERS: BOARD OF DIRECTORS | | | |
|---|--|---|--|
| <p>The Board of Directors is responsible for overseeing LCT’s operations. The Board assesses the overall direction and strategy of the business to support long-term sustainable value creation for shareholders.</p> | | | |
| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
| <ul style="list-style-type: none"> Board meetings Annual/Extraordinary General Meeting Quarterly result announcement Annual report | <ul style="list-style-type: none"> Company’s financial and operational performance Operational and manufacturing productivity and efficiency Corporate governance and regulatory compliance Value creation for both internal and external stakeholders Company’s Environmental, Social and Governance (“ESG”) performance | <ul style="list-style-type: none"> Provide transparent disclosures to our stakeholders in our Integrated Annual Report Engage in discussions on LCT’s financial and operational performance Review LCT’s current ESG performance in Board meetings | <ul style="list-style-type: none"> Quarterly Annually As required |

| OUR STAKEHOLDERS: EMPLOYEES | | | |
|--|---|---|--|
| <p>With 938 employees in Malaysia and 322 employees in Indonesia, our workforce is responsible for driving day-to-day operations and ensuring the consistent delivery of quality products and services to our customers.</p> | | | |
| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
| <ul style="list-style-type: none"> Department meetings Employee Engagement Survey (“EES”) Joint Consultative Committee (“JCC”) and Portal Collective Labour Agreement (“CLA”) Meeting at Indonesia Internal training programmes and forums Company newsletter Employees’ events and team buildings Employees recognition, incentives and rewards Feedback/Grievance channel | <ul style="list-style-type: none"> Inclusive and collaborative working environment Fair remuneration and benefits Operational and manufacturing productivity and efficiency Healthy and safe workplace Training and development programmes Career opportunities and development | <ul style="list-style-type: none"> Direct engagement with employees via the JCC in Malaysia and the Labour Union in Indonesia to discuss key employee matters Established corporate governance policies to ensure fair and equitable treatment of expatriate and local employees Implementation of employee support programmes Conduct annual EES or employee satisfaction survey to better understand employees’ perception of the Company | <ul style="list-style-type: none"> Daily Weekly Monthly Quarterly Annually As required |

UNDERSTANDING OUR STAKEHOLDERS



OUR STAKEHOLDERS: CUSTOMERS

Customers play a crucial role in our business, and their trust supports our business continuity and long-term sustainability. We engage with customers to understand their needs and expectations.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|--|---|--|--|
| <ul style="list-style-type: none"> • Site visits • Customer satisfaction survey • Feedback/Grievance channel • Customer gatherings | <ul style="list-style-type: none"> • Product pricing, safety and quality • Innovative products and services • Good customer service and management • Company's ESG practices • Data management and cybersecurity | <ul style="list-style-type: none"> • A dedicated Customer Engagement Team to oversee sales activities, delivery arrangements and handle complaints • Engage with customers to identify improvement opportunities for our products • Conduct product training to equip customers with the necessary knowledge to handle our products | <ul style="list-style-type: none"> • Daily • Annually • As required |



OUR STAKEHOLDERS: SUPPLIERS

Our supply chain supports value creation by providing high-quality products and services. At the same time, we strive to create value for our suppliers to foster a resilient and sustainable supply chain.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|--|---|---|---|
| <ul style="list-style-type: none"> • Supplier Self-Assessment Questionnaire • Supplier annual performance evaluation • Business Continuity Management ("BCM") Survey Questionnaires • Safety training programmes | <ul style="list-style-type: none"> • Encourage LCT to explore other options to ensure timely delivery • Ethical and fair tender process • Safety, health and environment • Corporate governance and regulatory compliance | <ul style="list-style-type: none"> • Embed commitments to human rights, safety and health and environmental standards in our Supplier Code of Conduct • Conduct supplier site visits for better understanding of suppliers' capabilities and to strengthen working relationships • Introduce an e-procurement system to digitalise value chain process | <ul style="list-style-type: none"> • Daily • Monthly • Annually • As required |

UNDERSTANDING OUR STAKEHOLDERS



OUR STAKEHOLDERS: REGULATORS

Regulators play an important role in shaping policies that support both the industry and the national economy. We maintain close engagement with regulators to stay informed of evolving policies and regulatory requirements.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|--|--|---|---|
| <ul style="list-style-type: none"> • Public dialogues and conferences • Online feedback on the proposed new laws or amendments • Seminars and training organised by the relevant regulators | <ul style="list-style-type: none"> • Compliance with relevant laws and regulations • Company's ESG practices • LCT to observe and adhere to all rules and regulations that are both mandatory and voluntary | <ul style="list-style-type: none"> • Ensure LCT's policies and procedures comply with applicable local regulatory requirements • Conduct training programmes on key areas of concern such as insider trading to our employees | <ul style="list-style-type: none"> • Daily • Quarterly • Annually • As required |



OUR STAKEHOLDERS: INVESTORS

Investors play a vital role in LCT's success and growth by providing capital that supports the Company's business operations and development initiatives.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|--|---|--|---|
| <ul style="list-style-type: none"> • Investor relations' meetings • Annual/Extraordinary General Meeting • Quarterly results, press releases and presentations • Annual report | <ul style="list-style-type: none"> • Financial and non-financial performance • Company's ESG performance • Business resilience and sustainability • Opportunities and development of business | <ul style="list-style-type: none"> • Present LCT's current performance and expected outlook • Ensure transparency through timely and comprehensive disclosures • Regular communications/discussion with Management Team | <ul style="list-style-type: none"> • Quarterly • Annually |



OUR STAKEHOLDERS: INDUSTRY ASSOCIATIONS

Industry associations play an important role in providing a collective voice for the industry and facilitating the sharing of best practices. We work closely with industry experts to support continual improvement across our business.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|---|---|--|--|
| <ul style="list-style-type: none"> • Training programmes and conferences | <ul style="list-style-type: none"> • Promote knowledge sharing within the local and international petrochemical industry • Company's ESG practices • Establish a collective voice for the industry on common issues, clarify doubts surrounding inaccuracies/misinformation about the industry | <ul style="list-style-type: none"> • Participate in various discussions, forums and conferences to ensure the exchange and sharing of industry knowledge for the advancement of the petrochemical industry • Provide input and support on issues related to plastic and petrochemical industry for the authorities | <ul style="list-style-type: none"> • Quarterly • Annually • As required |

UNDERSTANDING OUR STAKEHOLDERS



OUR STAKEHOLDERS: LOCAL COMMUNITIES

LCT recognises that our operations may have direct or indirect impacts on local communities. Accordingly, we are committed to fostering strong relationships through ongoing community engagement and development initiatives.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|--|--|---|--|
| <ul style="list-style-type: none"> Corporate social responsibility ("CSR") programmes Feedback/Grievance channel | <ul style="list-style-type: none"> Safety and health of local communities Impacts towards social and environment | <ul style="list-style-type: none"> Conducted CSR initiatives focusing on LCT's five (5) CSR themes – People, Education, Aid, Community and Environment | <ul style="list-style-type: none"> Quarterly Annually As required |



OUR STAKEHOLDERS: RESEARCH ANALYSTS

Research analysts support LCT's business by providing ongoing insights into market and industry developments. These insights help investors assess the Company's prospects and fundamentals when making investment decisions.

| HOW WE ENGAGE WITH THEM? | WHAT ARE THEIR CONCERNS AND EXPECTATIONS? | RESPONSE | FREQUENCY |
|---|---|---|---|
| <ul style="list-style-type: none"> Investor relations meetings Annual/Extraordinary General Meeting Quarterly results, press releases and presentations Annual report | <ul style="list-style-type: none"> Financial and non-financial performance Business development Company's ESG performance Diversity and inclusivity | <ul style="list-style-type: none"> Present LCT's current performance and expected outlook Ensure transparency through timely and comprehensive disclosures Regular communications/discussion with Management Team Facilitate discussion on the Company's latest prospects | <ul style="list-style-type: none"> Quarterly Annually |

SUSTAINABILITY AT THE CORE OF OUR BUSINESS

Our materiality assessment helps us identify and understand the issues that matter most to our business and stakeholders, as well as how our ESG impacts are perceived across the value chain. It enables us to address these impacts more effectively and meet stakeholder expectations through improved business management.

Our materiality assessment was conducted to supplement our Enterprise Risk Management ("ERM") Process.

We conduct a formal materiality assessment biennially to supplement our ERM Process and incorporate sustainability considerations into the identification of business risks and opportunities. The exercise is carried out in alignment with the Integrated Reporting <IR> Framework's concept of materiality and supports the identification and prioritisation of ESG issues that are most relevant to our business and our stakeholders.

OUR MATERIALITY ASSESSMENT APPROACH AND PROCESSES

STEP 1: REVIEW EXISTING SUSTAINABILITY MATTERS

To ensure that our sustainability matters are still relevant, we review them by taking into account both internal and external factors such as our business strategies, business risks, stakeholder expectations, as well as other emerging issues relevant in the industry and international standards. Based on the outcome of our review, our 11 sustainability matters are confirmed to be relevant to our business operations.

STEP 3: STAKEHOLDER ENGAGEMENT

We engage with both internal and external stakeholders to obtain feedback on sustainability matters. Incorporating stakeholders' views is essential to developing a more comprehensive understanding of the prioritisation of our sustainability matters.



STEP 2: SUSTAINABILITY IMPACT ASSESSMENT

We leverage on our existing ERM assessment parameters to evaluate the likelihood and impact of each of our sustainability matters. This is to ensure that we are applying the same lens to evaluate our sustainability risks and ensure ESG risk integration.

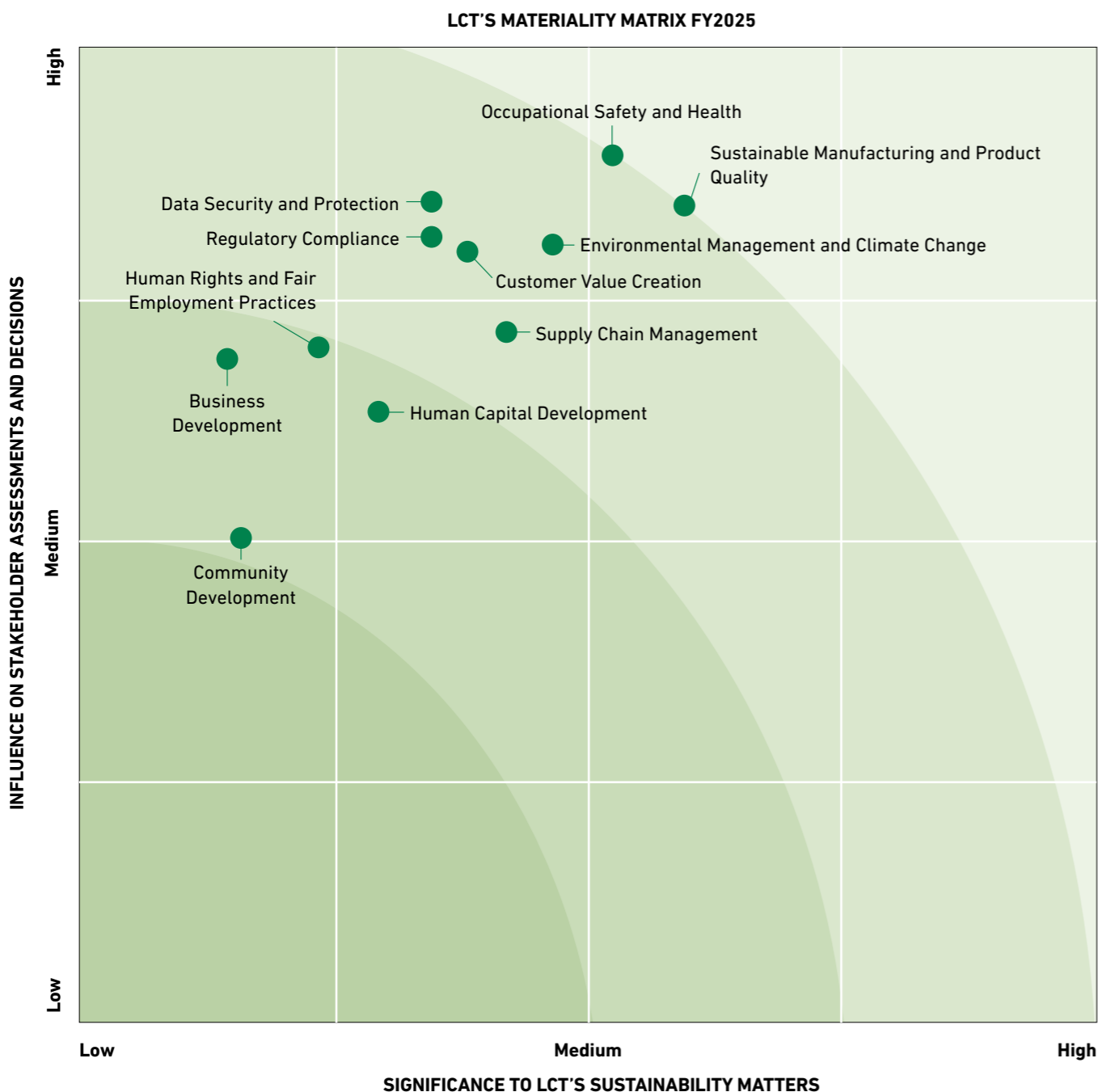
Each sustainability matter was evaluated across a specific time frame based on the following impacts:

- Financial;
- Human;
- Environment;
- Product quality;
- Reputation; and
- Regulatory.

SUSTAINABILITY AT THE CORE OF OUR BUSINESS

Our Materiality Matrix

LCT conducts its materiality assessment on a biennial basis, with the most recent exercise completed in FY2024. For FY2025, the 11 identified sustainability matters were reviewed internally by the Sustainability Working Group (“SWG”) and the Board, and remain unchanged. These matters continue to guide LCT’s sustainability considerations and areas of focus.



SUSTAINABILITY AT THE CORE OF OUR BUSINESS

The details of our initiatives in managing and mitigating these material sustainability matters are discussed in Section 4: Our Strategy Based On Sustainability Matters on pages 40 to 97 of this report. Further information on the relevance of these sustainability matters to the Group is presented in the table below:

Our Sustainability Matters

| SUSTAINABILITY MATTERS | WHAT IT MEANS TO LCT | LINK TO CAPITALS | UN SDGS |
|--|--|------------------|---------|
| Sustainable Manufacturing and Product Quality | Consideration of sustainability factors across our manufacturing processes, product development and production plants through ongoing process improvement, research and development and the application of technologies. | | |
| Occupational Safety and Health | Ensuring a safe and healthy working environment through ongoing risk management, safety awareness and regular monitoring. Key activities include safety committee engagement, emergency preparedness exercises, contractor safety checks and occupational health monitoring. | | |
| Environment Management and Climate Change | Internal controls and mechanisms to manage environmental impacts, focusing on emissions, waste management, water management, energy management and climate change. | | |
| Customer Value Creation | Initiatives undertaken to maintain a high level of customer satisfaction, including prompt responses to address issues raised by customers. | | |
| Data Security and Protection | Protection of data, information and intellectual property belonging to stakeholders, including customers, suppliers, employees and business partners, against cybersecurity breaches. | | |
| Regulatory Compliance | Initiatives and processes established to ensure compliance with relevant regulatory requirements including internal policies such as the Business Ethics & Code of Conduct (“BECOC”), Anti-Bribery & Anti-Corruption (“ABAC”) Manual and Whistleblowing Policy. | | |
| Supply Chain Management | Consideration of emerging social, environmental and economic factors within our supply chain and procurement management through the conduct of risk assessments. | | |
| Human Rights and Fair Employment Practices | Fostering fair labour practices and safeguarding employee welfare by protecting human rights, preventing child labour and promoting an inclusive working environment. | | |

SUSTAINABILITY AT THE CORE OF OUR BUSINESS

| SUSTAINABILITY MATTERS | WHAT IT MEANS TO LCT | LINK TO CAPITALS | UN SDGS |
|----------------------------------|--|------------------|---------|
| Human Capital Development | Nurturing talent through career development opportunities and training programmes, including succession planning and talent retention initiatives. | | |
| Community Development | Initiatives undertaken to maintain positive relationships with local communities, including engagement sessions to clarify and address issues raised by community members. | | |
| Business Development | An agile business model that enables the Group to navigate headwinds, with a focus on cost and operational management to ensure business sustainability. | | |



TRANSFORMATION THROUGH OUR BUSINESS STRATEGIES

In response to the evolving industry landscape, LCT continues to undertake operational improvements, address customer needs and uphold our commitment to core sustainability and governance practices.



OUR VALUE CREATION ENGINE

Guided by our core values, we employ a sustainable operating strategy to maximise value and minimise negative impacts on key material matters.



- Legends:**
- Customers
 - Board of Directors
 - Suppliers
 - Investors
 - Local Communities
 - Regulators
 - Industry Associations
 - Research Analysts
 - Employees

OUR VALUE CREATION ENGINE

| OUTCOMES | TRADE-OFFS | STAKEHOLDERS |
|---|--|--------------|
| Please refer to the Financial Statements 2025 (pages 152 to 221) for more information. | Our decisions in our investment activities require us to be conscious of the positive and negative impacts on other capitals. | |
| Please refer to the sections on Sustainable Manufacturing and Product Quality (pages 51 to 54), Environmental Management and Climate Change (pages 59 to 66), for more information. | We leverage our financial capital, manufactured capital and intellectual capital to maximise the efficient use of natural resources and reduce our environmental impact. | |
| Please refer to the sections on Sustainable Manufacturing and Product Quality (pages 51 to 54), Customer Value Creation (pages 55 to 57), for more information. | Automation may reshape future workforce capabilities and development needs, requiring the Company to balance productivity gains with investments in reskilling, upskilling and workforce transition support. | |
| Please refer to the sections on Sustainable Manufacturing and Product Quality (pages 51 to 54), Customer Value Creation (pages 55 to 57) and Data Security and Protection (pages 70 to 72), for more information. | The outcomes of our knowledge-sharing initiatives may not deliver immediate benefits. However, by leveraging our social and relationship capital, we seek to create long-term value for stakeholders. | |
| Please refer to the sections on Human Capital Development (pages 73 to 76), Human Rights and Fair Employment Practices (pages 77 to 83), for more information. | Ongoing training and capability development support workforce competence and contribute to operational continuity and long-term resilience. | |
| Please refer to the sections on Customer Value Creation (pages 55 to 57) and Community Development (pages 67 to 69), for more information. | Allocating resources to build strong social and relationship networks strengthens consumer trust, loyalty and confidence in our products and services. | |

SECTION 4

OUR STRATEGY BASED ON SUSTAINABILITY MATTERS

- 40 Strategy Pillar 1:
Stable and Safe Plant Operations
- Occupational Safety and Health
 - Supply Chain Management
 - Sustainable Manufacturing and Product Quality
- 55 Strategy Pillar 2:
Business Sustainability
- Customer Value Creation
 - Business Development
- 59 Strategy Pillar 3:
Environmental, Social and Governance ("ESG")
- Environmental Management and Climate Change
 - Community Development
 - Data Security and Protection
 - Human Capital Development
 - Human Rights and Fair Employment Practices
 - Regulatory Compliance
- 88 GRI Content Index
- 91 Prescribed Table



STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS



OCCUPATIONAL SAFETY AND HEALTH

At LOTTE Chemical Titan Holding Berhad (“LCT” or “the Company”), we prioritise the safety and health of our employees. Our Occupational Safety and Health (“OSH”) policies guide both Management and employees in cultivating a safe and healthy workplace, in alignment with our organisational purpose and culture. We are committed to preventing workplace accidents through the continuous identification and mitigation of hazards, thereby reducing risks, injuries and exposure to harmful substances across our operations.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Operational Risk
- Compliance Risk – OSH

Business Capitals



Financial Capital

- Invested in necessary resources to implement safety and health measures, strengthen safety and health management systems and ensure compliance with regulatory requirements



Intellectual Capital

- We are guided by our established OSH management system, equipment and tools to ensure the safety and health of all stakeholders within our business premises



Skilled Talent

- The Occupational Safety, Health and Environment (“OSHE”) Steering Council at LCT operates under the oversight of Management and the OSHE team



Social and Relationship Capital

- We actively collaborate with contractors through our Contractor Management Programme to ensure compliance with safety and health standards

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Governance, Policies and Procedures

We have established safety and health standards to safeguard our workforce from operational risks. In compliance with local regulations and OSH guidelines, we strive to foster a workplace that prioritises the safety and health of all individuals within our premises.



MALAYSIA

Our Malaysian operations adhere to the OSH Policy, which is reviewed annually to regulate and enhance practices at our manufacturing facilities. Compliance with this policy is mandatory for all employees and contractors. The governance structure is outlined as follows:



The OSHE Steering Committee is responsible for overseeing issues related to occupational safety and health of our employees of our Malaysian facilities.



The OSHE Steering Committee comprises Top and Senior Management from various departments who provide direction and have full authority on OSHE-related matters. Our President & CEO serves as the Chairman of the OSHE Steering Committee, which convenes annually to review LCT’s OSHE performance.



In line with the Occupational Safety and Health Act 1994, we have established a Safety, Health and Environment (“SHE”) committee. This committee includes a Chairman, secretary and representatives from Management and employees. The Operations Director chairs the SHE committee meetings, with Management and employee representatives from various disciplines appointed by the Chairman for their operational knowledge and entrusted with decision-making responsibilities.



We are committed to fostering a robust safety culture and an effective Process Safety Management (“PSM”) – TRANSFORM Programme. A PSM governance committee was established to ensure the sustainability of the programme.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

Since the implementation of the PSM – TRANSFORM Programme in FY2021, notable improvements have been observed in safety management, including stronger leadership practices and enhanced safety compliance among employees and contractors. The programme is designed to strengthen processes and foster a robust safety culture across our premises. Quarterly PSM Committee Meetings are held to communicate safety performance updates, address concerns and reinforce a culture of continuous improvement. In addition, the annual Insurance Risk Engineering Survey conducted by risk engineers from LCT’s insurers and brokers provides follow-up on the implementation and effectiveness of the PSM system.

To support the efficient tracking, management and coordination of OSHE data, the Group utilises an Environmental, Health and Safety (“EHS”) Legacy system. This system is accessible to all employees and supports key functions, including incident reporting, tracking of Lost Time Incident (“LTI”) cases, field risk assessment audits, maintenance of the legal register, issuance of Personal Protective Equipment (“PPE”), management of training programmes and oversight of contractor management.

In FY2025, the EHS system was further enhanced to strengthen the tracking of noise management-related compliance matters. These enhancements include records for the identification of excessive noise, Noise Risk Assessment (“NRA”) reports, Noise Control Practicability Assessment reports and hearing fit test records, ensuring full compliance with all Hearing Conservation requirements under the OSH (Noise Exposure) Regulations 2019.



INDONESIA

At our Indonesian operations, we have in place a Quality, Safety, Health and Environmental (“QSHE”) Policy together with an OSHE Management System, to effectively manage our safety and health practices, which are in line with government regulations.

The OSHE Committee, led by Top Management, comprises representatives from both Management and employees to ensure the effective implementation of OSHE policies across our operations. The Manufacturing Director is responsible for overseeing all OSHE-related matters. In addition, designated representatives participate in the Merak Industrial Emergency Response Team (“MIERT”), which comprises representatives from various companies in the surrounding area. The MIERT convenes monthly meetings to deliberate and assess OSHE-related issues.

EMPLOYEES PARTICIPATION AND COMMUNICATION PROCEDURE

We encourage and value employee feedback on our OSHE policies. Through active engagement with our workforce, we gain valuable insights into opportunities to further strengthen our safety and health practices and address safety challenges within our facilities. Maintaining consistent and open communication is essential for ensuring continued compliance with safety and health standards.



MALAYSIA

Within our Malaysian operations, employees are provided with opportunities to give feedback on the development, implementation and evaluation of our OSH Management System (ISO 45001:2018 MS). This is facilitated through structured forums, enabling employees to share their perspectives and discuss matters such as SHE committee toolbox meetings, permit issuances, workplace inspections and risk assessments.

LCT focuses on fostering a culture of workplace incident reporting among employees. Bi-weekly sharing of lessons learned from incident investigations is conducted to enhance safety awareness across the workforce. This initiative has led to improved safety management and a greater willingness among employees to report incidents, with each case viewed as an opportunity for continuous improvement.

Our Contractor Management Programme facilitates structured engagement with contractors on safety and health compliance. OSH requirements are communicated to all LCT’s contractors, emphasising compliance to cultivate a safety mindset and culture. Quarterly safety meetings are held with contractors’ top management, while monthly safety meetings are conducted with site safety representatives and supervisors.

To further strengthen contractor safety management, LCT requires all contractors to undergo mandatory training prior to commencing work. Regular reviews of Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) are also conducted to ensure alignment with evolving workplace risks.

In FY2025, the contractor safety management procedure was updated to cover the entire contractor lifecycle, from selection through to post-contract evaluation. In addition, a Field Contract Administrator was appointed to serve as the primary liaison with contractor personnel during ongoing work. These measures are intended to further enhance safety standards across LCT’s operations.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS



INDONESIA

At our operations in Indonesia, employees report OSHE-related concerns to their immediate superiors or the OSHE Committee. The Committee convenes quarterly to deliberate on issues raised and to implement corrective actions. The secretary follows up on recommendations and reports their status in subsequent meetings. Any non-compliance issues are reported to the relevant local authorities (Manpower Department of Banten Province).

We continue to strengthen OSHE compliance across our operations through established safety governance and monitoring processes. Key measures include:

- Regular safety examinations, including operational safety audits and permit-to-work audits, to ensure consistent adherence to OSHE procedures and practices;
- Periodic department-level safety talks to reinforce understanding of SHE requirements among employees and supply chain partners; and
- Continuous engagement with contractors through safety coaching, routine inspections and comprehensive safety audits under our Contractor Safety Management System. As part of this approach, we also award Certificates of Appreciation to contractors who demonstrate strong compliance with our safety standards.

OSH INITIATIVES IN FY2025

Since 2019, the Group has been committed to fostering a "Global Top Sustainable Safety Culture" in safety management. This involves the implementation of the LOTTE Global Culture Transform journey, known as the TRANSFORM programme, which guides our facilities in transitioning towards more sustainable and resilient operations.

To support this commitment, we implement the following ongoing initiatives across all our operations:

- Encourage employees to report unsafe acts and conditions through our EHS reporting system, supporting a proactive safety culture;
- Implement the Field Risk Assessment ("FRA") Programme to reduce potential hazards through structured field observations and the use of protection-barrier concepts to identify and mitigate risks before incidents occur;
- Conduct Pre-Startup Safety Reviews ("PSSR") to ensure all safety measures are adequately addressed for new or modified facilities prior to start-up; and
- Apply our Emergency Response Management approach to regularly assess emergency preparedness, identify gaps and strengthen response plans, including the establishment of clear incident command protocols.

Additionally, specific initiatives were conducted across our Malaysia and Indonesia operations:



MALAYSIA

- The enhancement of Ergonomic Management Programme continued to be implemented to enhance awareness of ergonomic and manual handling in the workplace. A 'Functional Capability Evaluation Test' was performed to evaluate employees' capacity to meet the physical requirements of their roles, identifying risks in daily manual tasks and determining necessary modifications to prevent future injuries.
- A Hearing Conservation Programme was implemented since FY2019 and includes training on hearing conservation and the use of Personal Protective Equipment ("PPE"). A two (2) year Hearing Fit Test Programme was implemented for FY2024 and FY2025. In FY2025, the remaining 40% of manufacturing employees have completed the hearing test, bringing the overall completion to 100%.
- The 'Life-Saving Rule' initiative has been introduced to emphasise workplace activities with high potential for severe injuries or death. Communication methods include quizzes, informative cards, LED board displays and screensaver reminders.
- The Safety Leadership Capability Development Programme organised a workshop to elevate front-line supervisor skills in Production and Maintenance, through hazard and risk identification training, emphasising their leadership responsibilities in establishing and maintaining safety standards. In FY2025, LCT also conducted six (6) sessions of the 1-day Operational Discipline ("OD") Awareness Training involving management personnel, engineers and frontline supervisors, aimed at strengthening the sustainability of the PSM Framework and supporting the continued implementation of the TRANSFORM programme.
- The Asset Integrity Manual was established to manage process safety critical equipment effectively, with rapid assessments conducted to identify opportunities and assess their value. In FY2025, the Total Asset Integrity Programme has completed 100% of the overall improvement scope.



INDONESIA

- Similar to operations in Malaysia, Indonesia conducts an FRA called Hazard Identification Risk Assessment Control ("HIRAC") for every routine and non-routine jobs.
- Noisy machines are controlled by adding reducers, limiting working time and providing PPE ear plugs and earmuffs. Noise measurements are carried out every six (6) months by a licensed third party. Subsequently, employee's hearing ability is tested annually through medical check-ups.
- Educate employees on safety information through safety signs, videos, cards, boards and banners.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

- Conducted an annual SHE Training Programme, including compliance with OSHE expert certification regulations and supported National Safety Month initiatives to enhance safety awareness.
- Implemented a mechanical integrity programme, including the identification and categorisation of equipment and instrumentation, development of maintenance procedures, training for process maintenance activities, inspection and testing, and correction of equipment deficiencies.

SAFETY AND HEALTH TRAINING

We remain committed to upholding rigorous safety and health standards across our supply chain. To support this, we provide training to both employees and contractors, fostering a shared and consistent understanding of safety practices across our operations.



MALAYSIA

During the year under review, our Malaysian operations conducted 46 safety and health training programmes, comprising 152 sessions and 20,141 training hours. Key focus areas included confined space training, particularly the Authorised Entrant and Standby Person ("AESP") and Authorised Gas Tester and Entry Supervisor ("AGTES") courses. These programmes were conducted in compliance with the Industrial Code of Practice for Safe Working in a Confined Space 2010, which requires refresher training every two (2) years.

Employee participation was strong, with training hours exceeding annual targets. These programmes enhance employees' ability to identify and manage workplace hazards, contributing to improved safety performance and reduced operational disruptions.

In addition, 30 Safety Orientation Course ("SOC") classes were conducted for contractors, covering PPE requirements and OSH regulations to support maintenance activities. Safety awareness was further reinforced through General Safety Training for new joiners under the Company's New Employee Orientation Program ("NEOP") and targeted OSH training for personnel exposed to specific risks, with training needs reviewed regularly to ensure regulatory compliance.

Other OSH training programmes carried out as part of our ongoing annual safety programme include:

- Incident Investigation Management
- Confined Space Rescue
- Hearing Conservation Administrator ("HCA")
- Management of Change ("MOC") and Pre-Startup Safety Review ("PSSR")
- Basic Fire Fighting Training
- Work Permit System Training
- SHE Committee Training
- FRA Workshop

- Field Contract Administrator
- Working at Heights
- Process Safety Management Overview
- Operational Discipline Awareness
- Incident Command System ("ICS")
- Radiation Safety and handling for Industrial Gauges
- CLASS Regulations 2013 & Classification Record
- SIS Management Training
- Layer of Protection Analysis ("LOPA") Training
- On Scene Commander Development Program

Contractors at LCT undergo specialised training sessions, including Work Supervisor Briefing ("WSB"), Permit to Work ("PTW"), Fire Watch Training and General Risk Assessment ("GRA"). This multi-faceted approach reflects our continued commitment to fostering a strong culture of safety and competence across both our workforce and contractor base.



INDONESIA

Our Indonesian operations delivered 1,559 hours of safety and health training to employees, including scenario-based emergency drills such as the simulation of a factory surrounded by burning ships, safety inductions and training on safety toolboxes.

Similar to Malaysia, we provided safety and health trainings for employees in our Indonesia operations, including:

- Material Safety Data Sheet ("MSDS") and Chemical Handling
- Incident/Accident Reporting
- Ergonomics Training for Office Staff
- Hazards of Chemical Handling
- Hot Work Permit Authority
- Training on Statutory Turnaround
- Fire Protection System Class D & C
- First Aid Officer

IN-PLANT MEDICAL CLINICS

At our operational sites, in-plant medical clinics are established to address both communicable and non-communicable diseases, including HIV/AIDS, tuberculosis and malaria. A designated Occupational Health Doctor oversees the management of these health issues and implements on-site action plans. Prevention programmes and health campaigns are conducted periodically in alignment with the Ministry of Health ("MOH") requirements and recommendations from the Communicable Disease Control Unit in Malaysia.

Our on-site Occupational Health Protocols and Procedures are routinely reviewed and updated to meet evolving national requirements. Clear and consistent communication ensures all personnel are informed and have constant access to vital information.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

In addition, we implemented the Wellness Support Programme to promote employee wellbeing and work-life balance.

Our Health Team continued to promote employee health and preventive care through a range of medical and wellness initiatives in FY2025. These included:

- A dietitian-led health talk organised in collaboration with Regency Specialist Hospital;
- A blood donation campaign conducted with Hospital Sultanah Aminah;
- Eye screening sessions supported by Regency Specialist Hospital and Eyemate; and
- Complimentary basic health screening provided by KPJ Pasir Gudang Specialist Hospital and Regency Specialist Hospital.

These initiatives form part of our ongoing efforts to support our employees' physical health and overall wellbeing.

ELIMINATION/MINIMISATION OF POTENTIAL HAZARDS/RISKS AT THE WORKPLACE

To ensure the safety of our operations, we regularly conduct a range of safety audits, including the PTW Audit, Interlock Bypass Audit and Fire Water Pump Tests. These audits help ensure strict compliance with internal policies and local safety and health requirements. In the event of a process or occupational safety incident, the respective OSH teams will investigate the incident and manage the associated hazards in a timely and effective manner.



MALAYSIA

Within our Malaysian operations, our hazard identification process is divided into two (2) categories: process safety and OSH.

i. Process Safety

- **Risk Management:** To effectively manage operational risks, LCT places strong emphasis on maintaining up-to-date risk assessments and a thorough understanding of current operations. Process Hazard Analysis ("PHA") is systematically conducted to identify, evaluate and control hazards associated with highly hazardous processes. This approach is consistently applied across both greenfield and brownfield facilities.

- **PHA:** PHA studies are carried out using the widely recognised Hazard and Operability ("HAZOP") methodology. Recommendations arising from HAZOP exercises are tracked, addressed and closed within defined timeframes to ensure timely risk reduction. In addition, periodic HAZOP revalidation studies are performed to ensure the continued effectiveness of existing safeguards and controls, thereby mitigating or eliminating potential hazards and preventing accidents and injuries.

In FY2025, LCT successfully completed HAZOP revalidation exercises for PP3, PE2 and BD, as well as a LOPA study, further strengthening the robustness of its process safety and risk management framework.

- **Change Management:** In FY2025, LCT continued to implement the MOC and PSSR Checklist Training Programme to enhance employees' understanding of both procedures, ensuring that potential hazards and risks are consistently identified and addressed.

ii. Occupational Safety and Health

As part of our standard OSH measures, we execute the following across our operations:

- **The GRA:** A GRA is mandated for both routine and non-routine work activities. Assessments are conducted in line with the DOSH Guidelines for HIRARC and the ISO 45001:2018 OSH Management System standard to identify, analyse and evaluate the risk levels associated with each activity.
- **Other periodic occupational risk assessments:** Such as Chemical Exposure Monitoring ("CEM"), Noise Risk Assessment ("NRA"), Indoor Air Quality ("IAQ") monitoring and Chemical Health Risk Assessment ("CHRA"), are also conducted as part of our OSH risk management framework.
- **PTW:** For both mandated routine and non-routine work activities, the objectives of PTW implementation are to (i) safeguard workers, properties and the environment, (ii) identify, prevent or minimise potential risks prior to work commencement and (iii) ensure effective communication among all parties involved.
- **Discipline-Specific Training:** Trained personnel from various disciplines including Operation, Technical, Safety, Mechanical, Electrical and Instrument, are assigned to conduct GRA. Each department is responsible for ensuring that work undertaken by its personnel is subject to a rigorous risk assessment.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

- **Employee Reporting Responsibility:** Employees play a critical role by promptly reporting any work-related hazards or unsafe conditions to their immediate superiors or the Safety Department. All incidents are documented in the Incident Reporting System within the EHS Legacy System.
- **Learning from Incidents:** Root causes and proposed corrective actions from incident investigations are shared across the Malaysian operations complex for organisational learning. Leaders review the findings to identify similar hazards in their respective process units and immediate actions are taken to prevent the recurrence of comparable incidents.



INDONESIA

In our Indonesian operations, hazard identification is categorically divided into two (2) areas:

i. Process Hazard Identification (related to Process Safety)

- **Periodic PHA:** PHA is conducted every five (5) years to identify, evaluate, prioritise, control and monitor hazards. The assessment is carried out using recognised methods such as HAZOP. Where necessary, a Pre-HAZOP may be undertaken as a preliminary risk assessment to determine whether residual risks fall within 'Unacceptable' or 'Not tolerable' level, which requires a subsequent HAZOP analysis.

ii. Hazard Identification Risk Assessment Control (related to OSH)

- **HIRAC for New Projects:** A HIRAC is conducted for new projects and is a prerequisite before commencing routine and non-routine work. Site supervisors who are responsible for risk assessments play a critical role in providing recommendations to minimise hazards.
- **Employee and Contractor Awareness:** Both our employees and contractors are expected to be well-versed in the HIRAC procedure. To reinforce awareness, HIRAC and PTW documents are distributed to employees and contractors as reminders of potential hazards and required controls.
- **Preventive Measures and Root Cause Analysis:** To prevent the recurrence of incidents, preventive measures are identified and recommended based on cause-based evidence using recognised methodologies such as the Five-Why, Failure Modes and Effects Analysis ("FMEA") and the Comprehensive List of Causes ("CLC"). These tools support thorough root cause identification and the implementation of effective preventive actions.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT SYSTEM

At LCT, we are committed to ensuring the effectiveness of our OSH management system by actively pursuing nationally and internationally recognised certifications.



MALAYSIA

- Our Malaysian operations are currently ISO 45001:2018 certified, underscoring our commitment to robust OSH practices. The OSH-related internal audits involve all levels of employees, from Senior Management to field technical staff, ensuring continued compliance with the ISO standard. OSH Management System conformity and effectiveness are evaluated through a yearly audit by a certification body, reinforcing our commitment to safety. In FY2025, LCT was recertified ISO 45001:2018 with zero non-conformities ("NCRs").
- An annual management review meeting is conducted to evaluate OSH performance and associated risks, during which identified risks are formally reviewed as part of the OSH Management System. In addition, Plant SHE Committee quarterly meetings, departmental safety meetings and contractor safety meetings are held to identify, assess and manage unsafe acts and behaviours across operations.
- To enhance OSH awareness, we conducted training sessions for both employees and contractors, focusing on the ISO 45001:2018 OSH Risk Assessment procedure. These sessions, conducted in-person, aimed to empower our workforce with the latest safety practices.

In recognition of our outstanding OSH performance, we received the following award(s):

- The annual Chief Government Security Office ("CGSO") Audit achieved a strong score of 96%.



INDONESIA

- In Indonesia, we renewed the SMK3 (OSH Management System) certification and achieved a gold rating from the Kementerian Tenaga Kerja (Ministry of Manpower) in recognition of our strong OSH implementation. This certification is valid until 2028, reflecting our continuous ongoing commitment to maintaining exceptional OSH standards.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

OUR OUTPUT – HOW WE PERFORMED

In FY2025, we recorded zero (0) fatalities across our operations in Malaysia and Indonesia and continue to strive towards achieving zero Lost Time Incident (“LTI”) cases.

We respond promptly to OSH violations, with all incidents required to be reported by the relevant process unit to the Safety Department within 24 hours. An incident investigation committee is subsequently established to identify root causes, after which corrective measures are proposed and implemented to prevent the recurrence of similar non-conformities.

PERFORMANCE DATA

| Description | Malaysia | | | Indonesia | | |
|--|----------|------|------|-----------|------|------|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| Number of work-related fatalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost time incident rate | 0.12 | 0.29 | 0.41 | 0 | 0 | 0 |
| Number of employees trained on safety and health standards | 950 | 867 | 759 | 51 | 74 | 28 |

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Given the inherent nature of our operations and products, workplace safety and health are not only paramount concerns but also core operational principles that shape our internal culture and our relationships with external stakeholders.

In addition, we continue to strengthen compliance with safety and health standards and regulatory requirements and will actively pursue additional certifications to demonstrate our commitment to the highest levels of safety performance.

FUTURE OUTLOOK – OUR PRIORITY

Going forward, LCT will continue to prioritise employee health and process safety to further strengthen our OSH measures. We established an annual target of zero (0) LTIs across all our operations. Regular safety refresher trainings will continue for existing topics, complemented by new programmes aligned with process hazards and legal requirements to enhance employees’ knowledge and competency.

In parallel, LCT is strengthening safety and health standards across its supply chain through initiatives to enhance contractor safety management. We are also committed to developing leadership capabilities through targeted training, with a focus on accountability for establishing and upholding safety standards. These efforts are intended to reinforce leadership engagement and drive continuous improvement in our safety management system.

LCT will also focus on enhancing employees’ operational awareness by fostering the right attitude to ensure tasks are performed accurately and safely. Over the longer term, we plan to invest in additional emergency safety equipment at our plant sites, further supporting the safety of workers in their day-to-day activities.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS



SUPPLY CHAIN MANAGEMENT

Robust supply chain management is imperative for optimising our operational efficiency. We regularly review our supply chain procedures and policies to maintain effectiveness. This ongoing review aims to identify and prioritise risks, facilitating effective monitoring and mitigation measures.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicity in Petrochemical Industry Risk
- Supply of Feedstock Risk
- Foreign Exchange Risk
- Market Risk

Business Capitals



Financial Capital

- Procurement expenditure on local suppliers across both Malaysia and Indonesia operations



Skilled Talent

- Employees with an understanding on managing supply risks through demand forecast and margin impact assessment



Social and Relationship Capital

- Maintaining a good relationship with all our suppliers and vendors

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We work closely with our suppliers to secure products and services that are critical to our operations, including raw materials, packaging, machinery supplies such as spare parts and consumables essential for maintaining our production plants. We also engage third-party service contractors to support activities such as maintenance, inspections, engineering, information technology and warehousing.

In support of local economic development, we promote local procurement and source from established suppliers in Malaysia and Indonesia where feasible.

Ensuring operational continuity with minimal disruption is a key priority for LCT. We mitigate supply chain risks by diversifying sourcing channels and engaging multiple suppliers to reduce the risk of supply interruptions. In addition, supply continuity is supported through regular inventory checks and close monitoring of delivery schedules.

To minimise potential delays arising from logistics and shipping challenges, we collaborate closely with suppliers on logistics planning and maintain appropriate buffer stock levels.

POLICIES AND PROCEDURES

Our supply chain management is guided by clearly defined principles and practices that promote responsible and ethical operations.



MALAYSIA

The Supplier Code of Conduct (“SCOC”) for the Malaysian operations outlines our expectations for suppliers and contractors to conduct business responsibly and ethically, in compliance with all relevant laws and regulations. The SCOC mandates the following:

- **Prohibition of forced labour and child labour:** All suppliers are required to fully comply with employment and human rights laws and regulations, including provisions relating to working hours, salary, living conditions and freedom of association.
- **Commitment to environmental, safety and health standards:** All suppliers are to comply with applicable environmental laws, regulations and relevant safety standards.

We communicate our SCOC to suppliers and contractors through multiple channels, including the Company website and email. To ensure accessibility and clarity, the SCOC is available in both Bahasa Melayu and English. For new vendors, the SCOC forms part of the Vendor Validation Questionnaire (“VVQ”) required during registration. For existing vendors participating in tenders, the SCOC is communicated through a Bidder Declaration Form.

Additional requirements for LCT’s suppliers include:

- Re-screening of active vendors is conducted periodically to support continued compliance with LCT’s standards and requirements;
- Conducting an annual vendor self-assessment for selected key vendors to monitor performance, governance practices and ongoing suitability; and
- Implementation of a safety pre-evaluation checklist as part of the vendor registration process for on-site contractors.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

For new local suppliers, LCT conducts screenings via the Malaysian Anti-Corruption Commission (“MACC”) website to assess compliance with anti-corruption standards. For new international suppliers, LCT conducts sanctions screening as part of its due diligence process. The financial information of new suppliers and tender bidders is also reviewed to assess their financial standing and reliability.



INDONESIA

In our Indonesian operations, suppliers are required to comply with the relevant provisions of the Business Ethics & Code of Conduct (“BECOC”) and the Anti-Bribery and Anti-Corruption (“ABAC”) Guidelines. Adherence to these requirements supports compliance with policies relating to human rights, forced labour and non-discrimination. In addition, we routinely assess the compliance status of our Indonesian suppliers through sanctions screening platforms.

APPROVED VENDOR PERFORMANCE EVALUATION

In addition to communicating our expectations to new suppliers, we regularly assess the practices of existing suppliers to ensure continued alignment with our values.

Supplier performance reviews are conducted annually. Selected key vendors are evaluated by relevant stakeholders, including buyers, end users and safety personnel, across key areas such as quality, service, delivery, documentation and safety and environmental compliance.



MALAYSIA

In Malaysia, new potential suppliers are assessed against criteria covering quality, SHE, ABAC, governance, risk management and conflict of interest standards. LCT also conducts affiliate checks on new suppliers as part of the onboarding process.

For selected key suppliers, the completion of a supplier self-assessment questionnaire is required. The questionnaire covers a broad range of areas, including legal compliance, social sustainability and human rights, corporate governance, ABAC, supply chain sustainability practices and safety performance.



INDONESIA

Within our Indonesian operations, existing suppliers and vendors are required to complete a questionnaire to assess their compliance with applicable regulatory requirements. In addition, annual supplier audits are conducted, with suppliers selected based on groupings such as chemical, mechanical, electrical, project-related and consumables. Five (5) suppliers are selected for audit and assessed on areas including quality, raw material control, certification and traceability.

VENDOR MANAGEMENT

We actively implement measures to oversee and conduct thorough assessments of all our vendors, including contractors.

In Malaysia, LCT undertook the following due diligence activities:

- **New Vendors:** In FY2025, all 44 new vendors were required to complete a declaration form to confirm their compliance with LCT’s established standards and policies.
- **Assessment and Reassessment:** LCT’s vendor assessment process is ongoing, with active vendors targeted for periodic reassessment. Since August 2023, a total of 863 declarations have been collected from both new and existing vendors, to ensure continued adherence to our standards and policies.

Additionally, new on-site contractors are required to complete a safety pre-evaluation checklist during the vendor registration process, which includes additional criteria on anti-corruption, sanctions declaration and financial standing. Contractors are also required to submit a declaration confirming the adequacy of their SHE procedures. Failure to meet these requirements will result in the non-engagement of the contractor.

In Indonesia, two (2) vendor site visits were conducted jointly with user representatives and SHE personnel to assess vendor’s equipment, performance and safety. No instances of non-compliance were identified during the vendor due diligence process in FY2025.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

VENDORS’ CAPABILITY TRAINING

At LCT, safety is a top priority. All contractors are required to adhere to stringent safety, health and environmental standards and to apply best practices in service delivery. This commitment is reinforced through LCT’s safety training sessions and mandatory supplier meetings, which provide contractors with clear guidance on our expectations. These engagements also serve as valuable platforms for feedback, enabling us to better understand and address the challenges contractors may face in meeting our standards.



MALAYSIA

To ensure our vendors are informed of LCT’s latest requirements, we have shared guidelines on the new vendor registration process with new vendors during the onboarding process. In addition, chemical suppliers are requested to complete a set of questions to assess their emergency response readiness and compliance status in relation to chemical spill handling during transit. These efforts reflect our commitment to keeping suppliers informed and supporting a safe and efficient supply chain.



INDONESIA

In our Indonesian operations, safety training sessions form an integral part of the contractor bidding process, in line with increasingly stringent safety requirements. LCT verifies contractors’ safety training certifications to ensure they meet eligibility requirements prior to contract award.

SECURE FEEDSTOCK SUPPLY

LCT’s feedstock supply is mainly sourced from the regions of Asia, the Middle East and Europe. To safeguard our feedstock supply and mitigate potential supply chain disruptions, we have implemented the following measures:

- **Spot Pricing:** To maintain cost-effectiveness throughout our supply chain, we employ spot pricing for short-term price advantages and establish long-term supply contracts with a pre-determined pricing formula based on market prices. Price counting is distributed to mitigate the impact of market volatility.
- **Compliance with Import/Export Regulations:** We actively engage with regulators to facilitate efficient customs clearance processes for the import/export of materials.
- **Recognition of Supply Chain Risks:** Potential supply chain risks are identified and monitored through our Risk Register, supported by corresponding action plans and emergency response procedures.
- **Petrochemical Market Risks:** In view of the cyclical nature of the petrochemical industry and the associated volatility in feedstock and product prices, we maintain optimal buffer stock levels and sustain close communication with suppliers to minimise potential supply disruptions.

OUR OUTPUT – HOW WE PERFORMED

Total Number of Suppliers

LCT strives to maintain a cost-effective supplier base through ongoing collaboration with local vendors.

| Number of suppliers appointed | 2023 | | 2024 | | 2025 | |
|---------------------------------|------|-----|------|-----|------|-----|
| | MY | IN | MY | IN | MY | IN |
| Local suppliers | 608 | 361 | 603 | 339 | 528 | 284 |
| Foreign suppliers | 152 | 46 | 128 | 30 | 95 | 26 |
| Total | 760 | 407 | 731 | 369 | 623 | 310 |
| Percentage of local suppliers | 80% | 89% | 82% | 92% | 85% | 92% |
| Percentage of foreign suppliers | 20% | 11% | 18% | 8% | 15% | 8% |

Notes:

(a) MY = Malaysia Operations, IN = Indonesia Operations.

(b) The data excludes feedstock suppliers.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

New Suppliers

| Number of new suppliers | 2023 | 2024 | 2025 |
|-------------------------|------|------|------|
| Malaysia | 73 | 65 | 44 |
| Indonesia | 71 | 53 | 45 |
| Total | 144 | 118 | 89 |

Note:
The data excludes feedstock suppliers.

Amount of Expenditure for Suppliers

| Value of Expenditure | 2023 (RM Million) | | 2024 (RM Million) | | 2025 (RM Million) | |
|---|----------------------|-----|----------------------|-----|----------------------|-----|
| | MY | IN | MY | IN | MY | IN |
| Local suppliers | 343 | 172 | 389 | 129 | 198 | 84 |
| Foreign suppliers | 156 | 32 | 66 | 27 | 42 | 14 |
| Total | 499 | 204 | 455 | 156 | 240 | 98 |
| Proportion of spending on local suppliers | 69% | 84% | 86% | 83% | 83% | 86% |

Note:
The data excludes feedstock suppliers.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We continue to review and manage our supply chain processes to support timely delivery and effective cost management. To support this, we structure contract terms that provide flexibility to switch suppliers based on availability and pricing conditions. In addition, we support spare parts procurement and engage contractors to carry out major plant equipment cleaning, repair and overhaul activities.

FUTURE OUTLOOK – OUR PRIORITY

Going forward, LCT aims to strengthen its supply chain management through closer engagement and communication with key suppliers. We will enhance supply chain resilience by further diversifying our sourcing base, reducing the risk of supply disruptions across both production and maintenance activities.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS



SUSTAINABLE MANUFACTURING AND PRODUCT QUALITY

Our commitment to business sustainability supports stable and safe plant operations, contributing to long-term business viability.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclical in Petrochemical Industry Risk
- Operation Risk

Business Capitals



Financial Capital

- Investment in maintaining stable and safe plant operations and management systems



Manufactured Capital

- Existing infrastructure, machineries and systems used at production site



Natural Capital

- Utilisation of various natural and manufactured resources such as naphtha, hydrogen gas, water and electricity in the production process



Skilled Talent

- A team of highly qualified employees who specialise in research and development



Intellectual Capital

- Leveraging the expertise and knowledge of our skilled manufacturing and technical workforce

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Our Day-to-day Manufacturing Process

LCT prioritises operational excellence in daily manufacturing by regularly improving our machinery for enhanced output and reliability. Preventive maintenance is carried out to minimise the risk of equipment breakdowns, alongside the gradual upgrading of existing machinery to ensure optimal performance.

Safety continues to be paramount across our operations, with appropriate measures implemented to protect our workforce. Our Malaysian facilities comply with the Occupational Safety and Health (Amendment) Act 2022, supported by periodic maintenance, machinery refurbishment and risk-based inspection programmes.

In addition, our operations maintain certification to the ISO 45001:2018 Occupational Health and Safety Management System, reflecting our commitment to providing a safe and healthy workplace and to continuously improving safety performance.

Operational Efficiency and Plant Reliability

We continue to strengthen operational reliability through routine maintenance, refurbishment and optimisation activities across our plants. These ongoing efforts support stable production performance, safeguard asset integrity and support long-term operational efficiency.

Across both Malaysia and Indonesia, we focus on sustaining safe and stable plant operations through scheduled maintenance, essential equipment servicing and targeted upgrades to maintain performance and compliance with regulatory requirements.

PRODUCT QUALITY ASSURANCE

We are committed to upholding high quality standards across our operations, ensuring that products undergo regular quality assessments and meet customer expectations.

Our operations continue to be guided by our Quality Policy and Quality Principles, supported by a quality management system aligned with the ISO 9001:2015 standard to ensure consistent product quality and customer satisfaction.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS



MALAYSIA

As part of our ongoing quality management practices, we carried out the following routine activities during the year:

- An annual audit conducted by external certification bodies to ensure compliance with ISO Standards. This assessment covered operational control of organisational processes, internal audits, management reviews and management responsibility for organisational policies.
- Designated facilities in Malaysia conducted quality control ("QC") testing on feedstock and petrochemical products through one monomer laboratory and two (2) polymer laboratories. Rigorous QC procedures were applied at every stage, from feedstock and in-process materials to final monomer and polymer products. QC tests were performed on all monomer products and all polymer grades in accordance with product specifications and recognised international standard methods.
- Conducted quality tests on our products at our Malaysian operations, with resampling where specification discrepancies were identified throughout the QC process. Close coordination with the Technical Services ("TS") and Production Departments ensured proper coordination alignment prior to product bagging, ensuring the delivery of quality products.



INDONESIA

In our Indonesian operations, regular quality checks were conducted and equipment were progressively upgraded to achieve high production standards. Our commitment to maintaining quality performance and enhancing customer satisfaction is reflected in customer satisfaction surveys distributed via email. In addition, we monitor production process effectiveness through periodic reviews and ensure employees participate in refresher training programmes to uphold stringent quality control standards.

PRODUCT RESPONSIBILITY

Product responsibility forms an important consideration in LCT's operations. We maintain appropriate practices to support responsible production and the safe use of our products while observing applicable regulatory and operational requirements. These efforts contribute to responsible operations and support our ability to meet customer needs.

TECHNICAL SERVICES AND SUPPORT

Our Technical Centre ("TC") in Malaysia and the Technical Service and Product Development ("TSPD") Department in Indonesia provide comprehensive support to customers, including product application assistance, product development, production consultancy and technical training. The majority of our customers are local Small and Medium-sized Enterprises ("SMEs").

To strengthen collaborations and enhance customers' technical capabilities, our TC conducts partnership programmes focused on new applications, product development and improvements in quality and productivity. In Indonesia, the TSPD Partnership Programme supports customers through enhancements and modifications to the properties of existing products.



MALAYSIA

In FY2025, the TC team from our Malaysian operations delivered training programmes for customers, enhancing their product and market knowledge while supporting improvements in production output and product performance. These programmes covered topics such as fabrication and product development. Going forward, we plan to continue offering customer-driven training, including new initiatives such as courses on newly developed products.

In addition, we supported customers through laboratory analysis services, assisting with market development and troubleshooting efforts.



INDONESIA

Our operations in Indonesia maintain customer engagement via periodic visits, adhering to safety and health protocols and technical training and sharing sessions. This reflects our appreciation for our customers and strengthens customer relations.

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

CONTRIBUTION TO THE PETROCHEMICAL INDUSTRY



MALAYSIA

In our Malaysian operations, the TC provides technical support to local government entities, Non-Governmental Organisations ("NGOs"), schools, universities and industry associations, including the Malaysian Plastics Manufacturers Association ("MPMA"), the Malaysia Petrochemicals Association ("MPA") – Plastics Resin Producers Group ("MPAPRPG") and the National Standards Committee on Plastic and Plastic Products (NSC10, NSC10/TC3 and NSC10/TC5). In addition, our TC laboratory actively supports the Standards and Industrial Research Institute of Malaysia ("SIRIM") by providing laboratory analysis services for products seeking certification under PAS 9017.

LCT was invited by the MPMA Johor Branch to participate in the annual Johor Bahru Chingay Festival, a century-old cultural event, on 17 February 2025. The initiative aimed to promote an "A Litter-Free Chingay" campaign, where designated stations were equipped with bins for recyclables, non-recyclables and food waste to educate the public on proper waste segregation and disposal. Banners and signage were also displayed along the procession route to raise public awareness of the 3R (Reduce, Reuse, Recycle) concept.

On 6 September 2025, LCT volunteers participated in a beach clean-up at Desaru Public Beach. The activity focused on removing plastic and general waste from the shoreline, contributing to environmental restoration and promoting a cleaner coastal environment. The initiative also helped raise awareness among participants and the local community on the importance of protecting beaches from pollution.



INDONESIA

In Indonesia, LCT supports industry initiatives through its membership in the Asosiasi Industri Plastik ("INAPLAS") Indonesia and contributes to relevant industry events by providing consulting expertise and hosting knowledge-sharing sessions.

POLICY/LAWS AND COMPLIANCE

For our Malaysian operations, customers can easily access our Product Guide Status through our website and request product certificates. Our online system also allows for the self-preparation of specific chemicals and ensures regulatory compliance, tailored to meet individual needs.



In Indonesia, we rigorously assessed 100% of our products for compliance with the Restriction of Hazardous Substances ("RoHS"). Furthermore, we conducted migration tests in alignment with Commission Regulation (EU) 2016/1416, focusing on plastic materials and articles intended for food contact.

Refer to 'Our Products and Quality' in Section 1 for the list of certifications received by LCT.

OUR OUTPUT – HOW WE PERFORMED

We are steadfast in our efforts to prevent any unscheduled plant shutdowns and safety incidents, aiming to maintain stable and safe plant operations.

a) Total Production Volume (KT)

| Year |  Malaysia |  Indonesia |
|------|--|---|
| 2023 | 2,052 | 331 |
| 2024 | 1,714 | 330 |
| 2025 | 1,387 | 306 |

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS

b) Plant Utilisation (%)

| Year | Malaysia | Indonesia |
|------|----------|-----------|
| 2023 | 66% | 74% |
| 2024 | 55% | 73% |
| 2025 | 44% | 68% |

c) Product Quality Assessment on Safety and Health

| Type of Assessment | Number of Products Tested in Year 2025 | |
|--------------------|--|-------------------|
| | Malaysia | Indonesia |
| 1 | 12 ^(a) | 58 ^(c) |
| 2 | 36 ^(b) | 58 ^(d) |

Notes:

- ^(a) ROHS for compliance Directive (EU) 2015/863. Products tested: HDPE (2 grades), LDPE (1 grades), PP (9 grades).
- ^(b) FDA Internal Analysis. Product tested: HDPE (4 grades), LDPE (8 grades), PP (24 grades).
- ^(c) ROHS for compliance Directive (EU) 2015/863. Products tested: HDPE (31 grades), LLDPE (27 grades).
- ^(d) Migration Test for compliance Commission Regulation (EU) No.10/2011. Product tested: HDPE (31 grades), LLDPE (27 grades).

d) Incidents of Non-Compliance of Products and Services related to the Safety and Health

There were zero reported cases of non-compliance in relation to safety and health across our operations in Malaysia and Indonesia in the year under review.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We continue to enhance operational efficiency and optimise resource utilisation. Our focus is on sustainable manufacturing, product quality and maintaining high standards of safety and health across our processes.

FUTURE OUTLOOK – OUR PRIORITY

We remain dedicated to process integration and continuous improvement to support stable and safe plant operations. This includes maintaining equipment and systems to enhance efficiency while reducing the risk of disruptions. In addition, LCT focuses on managing long-term operational costs, improving product quality and mitigating operational risks.

STRATEGY PILLAR 2

BUSINESS SUSTAINABILITY



CUSTOMER VALUE CREATION

Customer engagement is essential in fostering collaborative partnerships that drive value creation and enhance business competitiveness. We view our customers as key partners who contribute to our innovation efforts.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Supply of Feedstock Risk
- Market Risk – Competition

Business Capitals



Skilled Talent

- A dedicated sales and marketing team to support meeting customers' expectations



Social and Relationship Capital

- Strong relationships with our customers based on trust and ethical business practices



Manufactured Capital

- Leveraging the expertise and knowledge from our skilled manufacturing and technical workforce to collaborate with our customers to develop and diversify our products



Intellectual Capital

- Collaborate with business partners, utilising our combined areas of expertise to develop new products and diversify applications of our existing products

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Building and sustaining positive customer relationships is a key priority in delivering products and services that meet and exceed expectations. We engage customers through various communication platforms, supported by initiatives in Customer Management, Customer Engagement, Customer Partnership Programmes and Customer Satisfaction Surveys.

CUSTOMER MANAGEMENT

Customer management is important in supporting customer satisfaction, understanding their evolving needs and building long-term relationships that support ongoing business operations.



MALAYSIA

In Malaysia, customer management is overseen by the Polymer Sales, Technical Centre, Quality Management, Operations and Logistics Departments. These teams work closely with the Production Department to plan and coordinate delivery arrangements, manage after-sales services and address technical enquiries or customer complaints.

New employees from the Sales and Technical Services functions are required to attend product training sessions to strengthen their ability to respond effectively to customer enquiries. In addition, ongoing coaching programmes are conducted to continuously enhance job competency. We also organise supplementary training sessions with additive vendors to support Technical Service Engineers in deepening their understanding of current and emerging technologies and their implications for our products.



INDONESIA

At LCT Indonesia, customer management, covering domestic sales, exports and technical services, is overseen by the Commercial Department. We provide training sessions to strengthen customers' technical capabilities, including support for ISO and other standards audits. In addition, all employees are required to undergo annual compulsory training in product knowledge related to production and procurement.

STRATEGY PILLAR 2

BUSINESS SUSTAINABILITY

CUSTOMER ENGAGEMENT

We continue to strengthen relationships with our customers by regularly engaging with them and serving their needs.



MALAYSIA

We engage with our customers via regular site visits and periodic gatherings for domestic customers, while virtual meetings are arranged for our export customers. In addition, we maintain close relationships with our global customers through site visits, as well as participation in key industry platforms and international customer engagement activities.

During these engagements, we introduce innovative products that leverage technological advancements to enhance operational efficiency. We also gather feedback and share insights with the respective departments for continuous improvements.



INDONESIA

LCT Indonesia conducted physical engagements with customers to boost rapport. Site visits were organised to gather and share insights while physical training sessions were held to share product knowledge and technical competency.

CUSTOMER PARTNERSHIP INITIATIVES

Building strong partnerships with our customers enables us to deliver tailored solutions through our products and services.

Through close collaboration with industry players, we develop innovative, industry-driven solutions that support mutual growth. These partnerships enhance our capabilities, address diverse market needs and create shared value for stakeholders. By fostering strong customer relationships, we continuously improve our offerings and provide effective solutions that support our customers' competitiveness within their respective industries.

In addition, we collaborate with business partners to source locally produced goods, supporting cost efficiency and more efficient logistics management.



MALAYSIA

LCT continued to enhance product performance through ongoing development and technical refinement, including improvements to our low-odour polypropylene. These enhancements focused on reducing odour levels while maintaining the required mechanical and processing performance.

In addition, we collaborated with a key customer on the development of a High-Density Polyethylene ("HDPE") Machine Direction Oriented ("MDO") film application, with support from LOTTE Chemical Corporation. These initiatives reflect our continued efforts to strengthen product capabilities, support customer requirements and explore opportunities for future application development.

OUTPUT – HOW WE PERFORMED

Turnover for Customer Service

We strive to address all customer feedback promptly. Upon receiving feedback, we engage the relevant internal departments to ensure effective and timely resolution of any issues.

Customer complaints/feedback received

| Types of Complaints | Number of Complaints | |
|---|----------------------|-----------|
| | Malaysia | Indonesia |
| Resolved Complaints | 31 | 12 |
| Unresolved Complaints | 3* | 0 |
| Total number of Complaints received in FY2025 | 34 | 12 |

* The number of complaints presented in the table above relates to the financial year ended 31 December 2025. The three (3) complaints shown were outstanding as at 31 December 2025 and were subsequently resolved in January 2026.

In FY2025, our Malaysian and Indonesian operations received customer complaints primarily related to product visual appearance and packaging, largely associated with handling and transportation conditions, with bag performance identified as a contributing factor. All complaints were managed in accordance with our Customer Complaint Handling Procedure, with investigations conducted, corrective actions implemented and material replacements provided where necessary.

STRATEGY PILLAR 2

BUSINESS SUSTAINABILITY

Customer Satisfaction Survey

We conduct an annual Customer Satisfaction Survey to assess our customers' satisfaction with our products and services. The survey covers both domestic and international customers across various portfolios, providing a comprehensive view of our performance. Survey findings offer valuable insights that support continuous improvement and the strengthening of customer relationships.

In Malaysia, 207 customers, comprising 106 domestic and 101 export customers, participated in the survey, while 34 customers participated in Indonesia, with both surveys indicating a high level of customer satisfaction. The ratings covered key areas including product quality, responsiveness and communication, technical services, product development and improvement, shipping and delivery and supply reliability.

LCT reviews the survey results and shares the findings with relevant departments to understand areas of dissatisfaction and identify appropriate follow-up actions.

| Year | Malaysia | Indonesia |
|------|----------|-----------|
| 2023 | 100% | 95% |
| 2024 | 100% | 99% |
| 2025 | 100% | 95% |

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Our customer engagement approach focuses on understanding customer needs, maintaining service quality and responding to feedback in a timely manner. Through ongoing collaboration, we aim to strengthen customer confidence and support the continuous improvement of our products in a competitive market.

FUTURE OUTLOOK – OUR PRIORITY

LCT focuses on business sustainability by emphasising resource efficiency, product quality and customer relationships. Moving forward, we will strengthen customer engagement through regular interactions and market monitoring, while exploring opportunities that support long-term sustainability.



STRATEGY PILLAR 2

BUSINESS SUSTAINABILITY



BUSINESS DEVELOPMENT

The global business environment continues to be challenging, with geopolitical uncertainties and market volatility continuing to affect the petrochemical industry. Rapid expansion in global petrochemical capacity has outpaced demand growth, resulting in persistent oversupply and pressure on business performance. In response, LCT is committed to sustaining its business through operational efficiency and strategic adaptability.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicity in Petrochemical Industry Risk
- Market Risk – Competition
- Project Risk

Business Capitals



Financial Capital

- We focus on prudent financial management to ensure liquidity and long-term stability



Skilled Talent

- Our experienced leadership and skilled workforce are key to navigating challenges and driving project execution



Social and Relationship Capital

- LCT maintains engagement with government bodies, business partners, suppliers, customers and local communities to support its operations

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

The operating environment in 2025 was challenging, shaped by market oversupply, cost pressures and broader economic uncertainty. In response, LCT prioritised operational stability and closely monitored developments that may influence our business direction.

OUTPUT – HOW WE PERFORMED

Activities during the year remained focused on monitoring market developments and ensuring alignment with LCT’s overall strategic direction. Decisions continued to be guided by prudence and operational considerations.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

By monitoring financial, regulatory and market trends, LCT aims to preserve long-term resilience and support sustainable operations. Continued emphasis is placed on operational improvements and responsible decision-making.

FUTURE OUTLOOK – OUR PRIORITY

Looking ahead, LCT will continue to adopt a measured and selective approach to business development. Given the current market environment, priority will remain on operational stability, disciplined capital management and maintaining flexibility to respond to changing economic conditions.



STRATEGY PILLAR 3

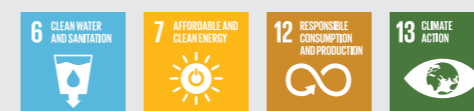
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

As a long-term value creator, we are committed to reducing our environmental impact and addressing climate change. Our focus remains on operational efficiency, compliance with applicable regulations and continuous process optimisation to minimise emissions and waste generation.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Operational Risk
- Compliance Risk – Safety, Health and Environment

Business Capitals



Financial Capital

- Invested in environmental facilities and systems to maintain regulatory compliance, mitigate risks and enhance operational efficiency



Natural Capital

- We utilise natural resources such as water and natural gas in our manufacturing processes and are guided by established environmental policies, guidelines and accreditations in managing environmental sustainability



Skilled Talent

- Employed a diverse team to oversee environmental monitoring, ensure compliance and drive continuous improvement

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

All our manufacturing activities comply with the ISO 14001:2015 Environmental Management System standard. We are committed to maintaining full ISO 14001 compliance across all Olefins and Derivatives and Polymers product manufacturing processes.

Additionally, we have taken the following measures:



Adhered to the requirements of local authorities, including the Department of Environment in Malaysia and the Department of Environmental and Forestry in Indonesia



Participated in the Environment Management Performance Rating Programme (Program Penilaian Peringkat Kinerja Perusahaan, “PROPER”) for our operations in Indonesia and Prime Minister’s Hibiscus Award (“PMHA”) competition for our operations in Malaysia



Stay informed of the latest requirements and technical knowledge in environmental management



Organised annual technical and external training to enhance employees’ understanding of our environmental management system

LCT received recognition at the PMHA, a leading private sector environmental award in Malaysia. The award is jointly organised by the Federation of Malaysian Manufacturers (“FMM”), the Malaysian International Chamber of Commerce and Industry (“MICCI”) and the Environmental Management and Research Association of Malaysia (“ENSEARCH”). It is endorsed by the Ministry of Natural Resources and Environmental Sustainability (“NRES”) and supported by the Department of Environment (“DOE”).

WASTE MANAGEMENT

Waste management at our Malaysian and Indonesian plants are regularly overseen by the respective Environment and Operation Departments. These teams are responsible for the monitoring, management and disposal of both industrial and general waste.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



MALAYSIA

In Malaysia, we have established Scheduled Waste (“SW”) Management and General Waste Management Procedures to guide our waste management processes.

In FY2025, we introduced new initiatives to optimise waste management across our operations:

Take Back Programme: We established a container recycling program in collaboration with our chemical suppliers under the oversight of the DOE. Used chemical containers are collected after use and are returned to suppliers, thereby reducing waste generation.

SW Shelter Refurbishment: Three (3) SW shelters at Terminals 1, 2 and 3 were refurbished to ensure they are fit for purpose and fully compliant with the DOE’s stringent requirements for scheduled waste storage. Refurbishment of the remaining SW shelters is planned for FY2026.

In FY2025, we continued implementing various initiatives to optimise waste management across our operations:

Daily Life Waste: We continued to strengthen our 3R Recycling Programme by introducing segregated waste bins at production sites for different categories of daily waste generated. The establishment of a mini “3R shelter” significantly enhanced recycling activities and reduced daily waste generation, while a centralised Reduce and Reuse (2R) system improved the efficiency of scheduled recyclable waste collection across all plants.

Non-Polymer Scrap Waste: Various non-polymer waste items, including torn bags, used yarn, pallets, drums, carboys, lubricating oil, palladium and spent catalysts undergo value recovery through saleable scrap processes to approved DOE contractors.

Polymer Scrap Waste: The Procurement team oversees the management of polymer waste, including its handling and acquisition for recycling purposes.

Electronic Waste and Others: A “Pay-As-You-Throw” system is applied to selected general waste and scheduled waste, with disposal costs based on waste volume or type. Electronic waste is segregated prior to disposal to maximise recovery.

SW Enhancement Programme: Key activities such as SW audit inspections, the introduction of new SW labelling and Environmental Risk Assessment (“ERA”) site audit inspections are conducted regularly. SW shelters are inspected daily to ensure compliance with labelling and inventory requirements.



INDONESIA

In Indonesia, we maintain our waste management practices in compliance with the PROPER Guidelines and Environmental Law No. 22/2021 on Environmental Protection and Management.

WATER AND WASTEWATER MANAGEMENT



MALAYSIA

In our Malaysian operations, the Environment Department is responsible for ensuring regulatory compliance and overseeing the monitoring of wastewater treatment facilities. The Manufacturing Department operates the water and wastewater treatment systems and ensures performance monitoring is conducted across all processing units.

We maintain sufficient water reserves for internal use, enabling uninterrupted plant operations for more than 48 hours in accordance with the Water Services Industry Act 2006 (Water Reticulation and Plumbing) Rules 2014. In addition, we continue to explore opportunities for wastewater recycling to reduce reliance on local freshwater sources and minimise our overall environmental footprint.



INDONESIA

At our operations in Indonesia, water management initiatives are overseen by the Health, Safety and Environment (“HSE”) Department and the Production Department. The HSE Department is responsible for regular reporting to the relevant authorities, as required. Our Indonesian operations comply with the requirements set out under PERMEN LHK No. 1/2021 and the PROPER Programme. We continued implementing the following water recycling systems:

- **Recycle Coal Boiler Wet Ash Water:** Our coal boiler system uses water to cool coal ash after combustion. A sedimentation process is applied to separate water from the ash, allowing the recovered water to be recycled back into the boiler system. The use of higher-quality coal with lower ash content further supports reduced water consumption.
- **Utilise Prepolymer Drier Cooling Water for Fire Water Tank:** In the manufacturing processes of our PE1 and PE2 plants, we employ prepolymerisation reactors to produce catalysts. This process includes the utilisation of cooling water for the prepolymerisation drying process. The resulting by-product, demineralised water, is recycled for the fire water tank.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

In addition, the following ongoing measures were implemented to further reduce water consumption:

- Reduced operating hours of the coal boiler, resulting in lower cooling water usage at the bottom ash cooler.
- Established an on-site in-house laboratory to enhance monitoring and treatment processes.
- Regular monitoring of wastewater data to support consistent long-term water management.
- Daily monitoring of industrial and domestic wastewater levels to ensure compliance with regulatory requirements. A third-party service provider is also engaged to monitor wastewater quality in accordance with local requirements.
- Conducted checks on all potable and demineralised water network to identify any potential leaks.
- Improved boiler quality, allowing for the operation of a single boiler.

AIR EMISSIONS AND CARBON EMISSIONS



MALAYSIA

In our Malaysian operations, the Environment and Operations Departments oversee the monitoring and performance of air emissions. They are responsible for conducting emissions monitoring, ensuring compliance with environmental regulations and submitting periodic reports to the authorities in accordance with national Environmental Management Plan (“EMP”) requirements. The following measures have been implemented to monitor and manage air emissions:

- Implemented a Continuous Emission Monitoring System (“CEMS”) and Predictive Emission Monitoring System (“PEMS”) for all our boilers and Heat Recovery Steam Generators (“HRSG”) respectively. The CEMS and PEMS allow continuous 24-hour online monitoring of the boilers and HRSG. Emissions reported by the CEMS and PEMS were within the acceptable thresholds as per DOE’s guidelines. During the year, we successfully migrated our online data connection from the old DOE i-Remote system to the new DOE CEMS.
- Conducted regular noise and vibration inspections during heavy flaring activities at boundary and nearby residential areas to ensure compliance with acceptable limits. These assessments are carried out by an accredited third-party laboratory.
- Volatile Organic Compound (“VOC”) readings are monitored every six (6) hours at 13 locations across our operations to support safe and stable plant performance.
- Additional VOC Photo Ionisation Detector (“PID”) equipment was installed and commissioned at the Tanjung Langsat plant in March 2025 to strengthen monitoring coverage in the plant vicinity.
- Three (3) Air Pollution Control Systems (“APCS”) units were modified to enhance the effectiveness of emissions control.



INDONESIA

In Indonesia, the HSE Department and Risk Department oversee the monitoring and performance of air emissions. The following initiatives have been implemented to minimise our environmental impacts:

- Operated an Ethylene Recovery Unit (“ERU”) to mitigate GHG emissions by capturing hydrocarbons from plant flares.
- Collaborated with independent third-party assessors to measure the VOC levels in the plant vicinity.
- Submitted biannual reports on GHG emission levels from boilers and plant flares to the Ministry of Environmental and Forestry in compliance with Indonesian regulations.
- Conducted regular maintenance on our recycled gas compressor equipment.
- Installed solar panels for LCT Merak office to decrease carbon emissions.
- Transitioned Liquefied Petroleum Gas (“LPG”) forklifts to electric forklifts at the Merak plant.
- Switched from diesel-powered forklifts to electric forklifts.
- Decommissioned and demolished the incinerator used for burning waste to minimise the release of waste gases.

ENERGY MANAGEMENT



MALAYSIA

Our Technical Department currently oversees the energy usage of our Malaysian operations. Their responsibilities include optimising energy consumption in plant operations and developing action plans to implement energy-saving opportunities.



INDONESIA

In Indonesia, energy management is overseen by the Energy Management Task Force Team, comprising representatives from the Technical, Operations, Maintenance and HSE Departments. We have obtained an Energy Audit Certificate from the Department of Energy and Mineral Resources, in compliance with Indonesian regulatory requirements governing the implementation of our energy management system.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ENVIRONMENTAL-RELATED TRAINING AND CAPACITY BUILDING



MALAYSIA

In our Malaysian operations, opportunities to enhance environmental compliance were identified through on-site observations, with a focus on SW Management, clean air regulations, effluent discharge compliance and the management of environmental aspects and impacts.

As part of our ongoing environmental training efforts, we engaged external consultants and conducted in-house training sessions to strengthen employee capabilities and support operational optimisation. The following initiatives were implemented:

- **Training for Contractor Environmental Officers:** During turnaround periods, specialised training is provided to Contractor Environmental Officers to minimise environmental incidents and strengthen the effectiveness of SW Management practices.
- **Environmental Risk Assessments:** We frequently conduct ERAs involving our operations, maintenance, environment teams and contractors. This ensures the identification of all environmental aspects and impacts well before the commencement of any plant activities, enabling immediate corrective actions in case of environmental risk issues.
- **Competency-based Training:** Our employees undergo a range of competency-based training programmes covering modules such as SW Management (“CePSWaM”), Industrial Effluent Treatment (“CePIETSO-PCP”, “CePIETSO-BP”) and Scrubber and Bag Filter Operation (“CePSO”, “CePBFO”). These programmes equip our employees with the skills and knowledge necessary for responsible and compliant operations within their respective fields.
- **Training on Environmental Management Systems:** Employees at our Pasir Gudang and Tanjung Langsat operations receive training on Environmental Management Systems, equipping them with knowledge to implement and maintain environmentally sustainable practices, demonstrating our commitment to robust environmental management practices.
- **In-house Training Modules:** Our in-house training approach encompasses diverse modules, covering areas such as SHE Committee, Incident Investigation, TRANSFORM’s Root Cause Analysis (“RCA”), OSH Awareness, Noise Exposure Regulations 2019 and Incident Command System.
- **Quarterly Competent Person Meeting:** Since FY2024, we have initiated the quarterly Competent Person Meeting to foster teamwork, synergy and information sharing. The meeting focuses on regulatory updates, best practices, discussions and performance monitoring.
- **Contractor Management:** We have started to revamp our Contractor Management Program and target to launch it by next year. This program serves to align the contractors’ work practices with our site’s environmental controls to better manage our environmental risks.



INDONESIA

In our Indonesian operations, we conduct targeted training programmes on environmental protection to support effective pollution control practices.

- **Environmental Training:** Personnel are designated to participate in training on air pollution control and prevention, hazardous waste management, ISO 14001 Environmental Management Systems and water pollution control to strengthen environmental management capabilities.
- **ERA:** LCT consistently conducts ERA across all tasks in every department. These assessments are carried out regularly and are updated to reflect the latest regulations, with a focus on identifying aspects and environmental impacts.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUR OUTPUT – HOW WE PERFORMED

Energy Consumption

In line with global climate goals, we monitor and manage energy consumption with the aim of driving continuous improvement across our plants, addressing challenges related to climate change, energy security and competitiveness.



MALAYSIA

| Energy Consumption | Units | 2023 | 2024 | 2025 |
|--------------------------------------|-----------------|-------|-------|-------|
| Natural gas ^(a) | MW | 162 | 150 | 100 |
| Fuel gas ^(c) | MW | 622 | 564 | 418 |
| Purchased electricity ^(d) | MW | 45 | 41 | 41 |
| Total energy consumption | MW | 829 | 755 | 559 |
| Production | Kilotonnes (kT) | 2,052 | 1,714 | 1,387 |
| Energy intensity | MW/kT | 0.40 | 0.44 | 0.40 |



INDONESIA

| Energy Consumption | Units | 2023 | 2024 | 2025 |
|--------------------------------------|-----------------|-------|-------|-------|
| Natural gas ^(b) | MW | 2.30 | 4.44 | 2.54 |
| Coal | MW | 2.05 | 1.46 | 2.30 |
| Fuel gas | MW | 0.11 | – | – |
| Purchased electricity ^(d) | MW | 23.26 | 23.86 | 21.96 |
| Total energy consumption | MW | 27.72 | 29.76 | 26.80 |
| Production | Kilotonnes (kT) | 331 | 330 | 306 |
| Energy intensity | MW/kT | 0.08 | 0.09 | 0.09 |

Notes:

^(a) Natural gas consumption covers data from boilers and gas turbines.

^(b) Natural gas consumption covers data from boilers.

^(c) Fuel gas consumption covers data from production plants at Pasir Gudang, including fuel gas usage in boilers.

^(d) Purchased electricity covers all production sites as well as Johor and Merak offices only.

GHG EMISSIONS



MALAYSIA

| GHG Emissions | Units | 2023 | 2024 | 2025 |
|-----------------------|---------------------|---------|---------|---------|
| Scope 2 GHG emissions | tCO ₂ eq | 303,229 | 282,329 | 277,647 |

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



INDONESIA

| GHG Emissions | Units | 2023 | 2024 | 2025 |
|-----------------------|---------------------|---------|---------|---------|
| Scope 2 GHG emissions | tCO ₂ eq | 160,973 | 165,089 | 166,871 |

WATER CONSUMPTION

We routinely assess our water management plans, monitor performance and enhance water efficiency through conservation initiatives, process improvements and the integration of technologies for treating, reusing and recycling water across our operations.



MALAYSIA

| Water Consumption | Units | 2023 | 2024 | 2025 |
|----------------------------------|---------------|--------|--------|-------|
| Water consumption ^(a) | Megalitres | 10,596 | 10,453 | 8,606 |
| Production volume | kT | 2,052 | 1,714 | 1,387 |
| Water intensity | Megalitres/kT | 5.16 | 6.10 | 6.20 |

Note:

^(a) Water consumption reported is only applicable to our plant operations in Pasir Gudang and Tanjung Langsat.



INDONESIA

| Water Consumption | Units | 2023 | 2024 | 2025 |
|----------------------------------|---------------|------|------|------|
| Water consumption ^(a) | Megalitres | 104 | 117 | 107 |
| Production volume | kT | 331 | 330 | 306 |
| Water intensity | Megalitres/kT | 0.31 | 0.35 | 0.35 |

Note:

^(a) Water consumption reported is only applicable to our plant operations in Merak.

WASTEWATER DISCHARGE QUALITY

LCT regularly monitors and assesses the quality of discharged wastewater, including the integrity of drainage systems, to minimise impacts on the environment and surrounding ecosystems.



MALAYSIA

| Wastewater Discharge | Units | 2023 | 2024 | 2025 |
|--|-------|-------|-------|-------|
| Temperature | °C | 32.09 | 33.28 | 31.94 |
| Potential of Hydrogen (pH) | - | 7.23 | 7.26 | 7.17 |
| Biological Oxygen Demand (BOD ₅) | mg/L | 17.82 | 12.80 | 14.75 |
| Chemical Oxygen Demand (COD) | mg/L | 75.88 | 53.55 | 64.50 |
| Suspended solids | mg/L | 23.94 | 16.69 | 14.75 |
| Oil and grease | mg/L | 2.40 | 1.86 | 2.07 |
| Ammoniacal Nitrogen | mg/L | 3.87 | 3.83 | 2.17 |

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



INDONESIA

| Wastewater Discharge | Units | 2023 | 2024 | 2025 |
|--|-------|-------|-------|-------|
| Temperature | °C | 29.50 | 28.16 | 30.42 |
| Potential of Hydrogen (pH) | - | 7.97 | 7.65 | 7.49 |
| Biological Oxygen Demand (BOD ₅) | mg/L | 11.92 | 8.00 | 10.83 |
| Chemical Oxygen Demand (COD) | mg/L | 31.00 | 20.92 | 33.00 |
| Suspended solids | mg/L | 37.67 | 23.33 | 21.00 |
| Oil and grease | mg/L | 2.47 | 2.00 | 2.17 |
| Ammoniacal Nitrogen | mg/L | 0.81 | 0.44 | 0.27 |

AIR EMISSIONS

As part of our sustainability efforts, LCT remains committed to managing and minimising air emissions across our operations. We adopt appropriate technologies, comply with applicable regulatory requirements and work closely with relevant stakeholders to reduce our environmental impact.



MALAYSIA

| Air Emissions | Units | 2023 | 2024 | 2025 |
|-------------------------------------|-------|-----------|-----------|-----------|
| Nitrogen Oxides (NO _x) | kg | 1,739,859 | 2,092,432 | 1,119,708 |
| Sulfur Oxides (SO _x) | kg | 145,141 | 110,142 | 18,642 |
| Carbon Monoxide (CO) | kg | 483,413 | 560,469 | 107,271 |
| Particulate Matter (including dust) | kg | 85,600 | 136,312 | 100,617 |



INDONESIA


| Air Emissions | Units | 2023 | 2024 | 2025 |
|-------------------------------------|-------|---------|---------|--------|
| Nitrogen Oxides (NO _x) | kg | 76,860 | 33,570 | 38,020 |
| Sulfur Oxides (SO _x) | kg | 200,330 | 205,810 | 41,240 |
| Carbon Monoxide (CO) | kg | 123,843 | 148,623 | 28,071 |
| Particulate Matter (including dust) | kg | 23,070 | 23,720 | 10,400 |

STRATEGY PILLAR 3


ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

WASTE MANAGEMENT

We monitor both hazardous and non-hazardous waste generated across our operations. Hazardous waste includes waste oil, spent solvents, used batteries, electronic waste, sludge, spent catalysts, contaminated rags and filters, mixed chemicals, used drums, filters and coal ash. Non-hazardous waste is also monitored and includes materials such as used plastics, wood and metal scrap, tin cans and other general waste.

 MALAYSIA

| Waste Generation | Units | 2023 | 2024 | 2025 |
|------------------------------------|-------|----------|-----------|-----------|
| Hazardous waste | tonne | 3,754.01 | 21,056.18 | 12,568.42 |
| Non-hazardous waste | tonne | 3,791.97 | 3,491.05 | 2,936.31 |
| Total waste generation | tonne | 7,545.98 | 24,547.23 | 15,504.73 |
| Total waste diverted from disposal | tonne | 4,594.29 | 9,744.09 | 9,070.04 |
| Total waste directed to disposal | tonne | 2,951.69 | 14,803.14 | 6,434.69 |

 INDONESIA

| Waste Generation | Units | 2023 | 2024 | 2025 |
|------------------------------------|-------|--------|--------|----------|
| Hazardous waste | tonne | 470.05 | 621.54 | 1,428.18 |
| Non-hazardous waste | tonne | 208.48 | 333.39 | 181.42 |
| Total waste generation | tonne | 678.53 | 954.93 | 1,609.60 |
| Total waste diverted from disposal | tonne | 0 | 0 | 0 |
| Total waste directed to disposal | tonne | 678.53 | 954.93 | 1,609.60 |

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

LCT strives to reduce environmental impacts across the countries in which we operate by prioritising the maintenance and enhancement of our environmental management systems and monitoring equipment. We also continuously identify opportunities to adopt advanced environmental monitoring technologies, particularly for emissions monitoring, to address climate-related risks.

We are committed to environmental compliance across all operations. Any identified non-compliance or issues are promptly addressed, reflecting our commitment to ethical conduct and adherence to regulatory standards.

FUTURE OUTLOOK – OUR PRIORITY

Our approach to environmental management is driven by a commitment to develop, maintain and operate our business in compliance with industry standards and best practices. In our Malaysian operations, we remain focused on the continuous upgrading of Air Pollution Control Systems (“APCS”) and Industrial Effluent Treatment Systems (“IETS”). We also intend to participate in future PMHA cycles to benchmark our environmental performance and support continuous improvement.

In Indonesia, we aim to elevate our PROPER rating from Blue to Green Candidate by initiating waste recycling programmes. Going forward, LCT will continue its efforts to minimise waste generation and water consumption through ongoing waste and water recycling initiatives.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



COMMUNITY DEVELOPMENT

LCT recognises its potential to create positive impacts within the communities where we operate, particularly in Malaysia and Indonesia. Accordingly, we invest in community development through purposeful corporate social responsibility (“CSR”) initiatives.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Compliance Risk – Safety, Health and Environment

Business Capitals

- Financial Capital**
 - Expenditure on CSR programmes
- Skilled Talent**
 - Employees’ participation in CSR activities
- Social and Relationship Capital**
 - Maintaining good relationships with local communities in our operating areas

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Our community engagements are guided by our CSR theme of People, Education, Aid, Community and Environment (“P.E.A.C.E”). This framework enables us to address a broad range of community needs, build trust and confidence among stakeholders and support sustainable community development.



Our FY2025 CSR initiatives cover activities undertaken in both Malaysia and Indonesia:

PEOPLE

Providing financial assistance to underserved groups.

CSR ACTIVITIES IN FY2025

- Provided nutritious food assistance to pregnant women and infants in local communities.
- Covered the Badan Penyelenggara Jaminan Sosial (“BPJS”) health insurance fees for underprivileged families in Rawa Arum, Gerem Village and Cilegon City.
- Contributed essential healthcare equipment to strengthen medical services at Puskesmas Gerogol.
- Supported health awareness activities at a local senior high school in collaboration with Puskesmas Gerogol, including the distribution of nutritious snacks and vitamin C supplements.
- Donated to Hospital Sultan Ismail and the Tunku Laksamana Johor Cancer Foundation (“TLJCF”) to assist in improving healthcare access for the community.

EDUCATION

Providing learning skills development, learning tools and financial assistance to underprivileged students.

CSR ACTIVITIES IN FY2025

- Covered educational fees for underprivileged children in Untirta Cilegon City under the Sustainable Scholarship Programme.
- Provided stationery and school bags to students in Rawa Arum and Gerem Village.
- Donated materials to support school renovation works.
- Provided opportunities for local residents to pursue free diploma education programmes (PIPB/Politeknik Industri Petrokimia Banten) in collaboration with the Ministry of Industry, helping them compete for job opportunities based on qualifications and industry requirements. This includes donating used equipment and tools to PIPB in Anyer to support learning and workshop activities.
- Supported Early Childhood Education (“PAUD”) and Kindergarten (“TK”) in Gerem Village by providing educational equipment and enhancing digital learning infrastructure through the donation of refurbished computers.
- Conducted a one-day environmental awareness workshop on “Smart Waste Management: Protecting Our Earth” for students of Sekolah Dasar Negeri 2 Gerem Village.
- Supported local universities through plant tours and educational visits to enhance students’ understanding of the petrochemical industry.
- Provided prescription glasses to 100 B40 students to support their learning and wellbeing.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

COMMUNITY

Supporting local communities by enhancing public amenities and facilities to improve overall wellbeing.

CSR ACTIVITIES IN FY2025

- Donated cement and other materials to support the construction and improvement of public facilities.
- Provided basic food supplies to surrounding communities as part of the Ramadhan Programme.
- Contributed livestock to nearby residents in conjunction with Eid Adha.
- Assisted local farmers by providing plant seeds, fertiliser and other essential items to help increase household income.
- Supplied snack boxes and mineral water for community Independence Day celebrations, as well as for iftar and orphan donation activities organised by Waste Bank Menderma.
- Donated computers in good working condition to support the local Police Office.
- Packaging assistance provided to UMKM Gagin, a local micro enterprise owned by Mrs. Huswiroh, as part of small business empowerment efforts in Rawa Arum Village.
- Sponsored the Bubur Lambuk Perdana Pasir Gudang initiative.
- Provided sponsorships for community and government agency sports tournaments.
- Sponsored the PERKASA Neon Run 2025 community event.

ENVIRONMENT

Increasing environmental awareness through the organisation of environmental programmes in collaboration with local communities, authorities and industrial associations.

CSR ACTIVITIES IN FY2025

- Supported the Waste Bank through the donation of waste bins, waste-sorting tools and the renovation of Waste Bank facilities.
- Donated waste bins to elementary schools in Gerem Village to promote responsible waste management habits among students.
- Provided cleaning tools, including hoes, earth forks and shovels, to support the maintenance of drainage areas surrounding the plant, helping to reduce blockages and mitigate flood risks in Gerem Village.
- Contributed compost fertiliser, potted plants and planter bags to support urban greening initiatives in the Rawa Arum Sub-district, encouraging community participation in sustainable living practices.
- Consistently contributed recyclable materials, including used plastic bottles, cardboard and other recyclables, to Waste Bank Menderma in Gerem Village and KSM Keserangan in Rawa Arum, supporting local circular economy initiatives.
- Implementation of a beach clean up initiative in Lelean, themed the Lelean Eco Movement, carried out in collaboration with local fishermen as part of environmental awareness and sustainability efforts.
- Participated in a beach clean-up at Desaru Public Beach, focusing on the removal of plastic and general waste to restore the shoreline and promote a cleaner environment.
- Participated in the One Hour Johor Clean Up Program on 20 June 2025, an event organised by FMM Johor under the auspices of Johor State Executive Council.
- Participated in the events below during National Environment Day Johor State Level Event 2025 organised by DOE Johor & Majlis Bandaraya Pasir Gudang (“MBPG”):
 - Exhibition to raise environmental awareness.
 - Sungai Buloh river rehabilitation program.
- Organised OSHE Day event. Notable highlights include:
 - Seminar on Environmental Law Awareness by DOE Johor.
 - “From Scrap to Soil” – a collaboration with MBPG to turn food waste into natural fertilisers.
- Sharing And Engagement Session with neighbourhood industries.

We aim to deepen our understanding of local communities to address their needs more effectively. By working closely with local councils, government agencies and NGOs, we continue to strengthen our efforts to better serve the communities in which we operate.

COMMUNITY ENGAGEMENT

Active engagement with communities is essential to building trust and promoting social inclusion. In FY2025, we provided notifications on flaring activities through our official Facebook and WhatsApp channels to keep stakeholders informed. We also shared information on our environmental management practices during the National Environment Day Johor State Level Event 2025 organised by DOE Johor and MBPG, as well as during engagement sessions held in conjunction with OSHE Day involving neighbouring industries. These initiatives reflect our ongoing efforts to engage stakeholders and support sustainable operations.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

- No major safety and environmental incidents were reported in 2025.
- Noise pollution and vibration from flaring activities are regularly monitored.
- Actively participated in government-led CSR programmes organised for industrial companies.
- Received the Agyakari Jaminan Kesehatan Nasional (“JKN”) Award/Satya JKN Award 2025.

GRIEVANCE MECHANISM – LOCAL COMMUNITIES

We advocate transparency by ensuring that our stakeholders have a channel to express their concerns without fear of reprisal. To this end, we implemented a grievance mechanism, serving as an important tool for identifying, understanding and addressing issues promptly.

 MALAYSIA

- Local communities may provide feedback or lodge complaints by contacting our hotline or visiting the registration counter located at our security guardhouse.
- To date, we have not received any major complaints on either platform.



 INDONESIA

- We maintain a WhatsApp platform for receiving grievance reports and are committed to responding to and resolving complaints within one (1) day.
- During the year under review, we did not receive any reported cases on the platform.

OUTPUT – HOW WE PERFORMED

Contribution for FY2025

Our CSR initiatives reflect our ongoing commitment to supporting the communities in which we operate. These activities help strengthen our relationships with local stakeholders and foster positive engagement between the Company and the community.

| Items |  Malaysia | | |  Indonesia | | |
|-------------------------|--|--------|--------|---|--------|--------|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| Volunteering hours | 578 | 379 | 552 | 212 | 422 | 329 |
| Number of beneficiaries | 12,258 | 11,731 | 14,062 | 2,856 | 11,900 | 11,107 |

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

The community will continue to benefit from our “P.E.A.C.E”-driven CSR initiatives. Through proactive engagement, dialogue and collective action with stakeholders, our social programmes are designed not only to deliver immediate positive outcomes but also to build trust and support sustained social development within these communities.

FUTURE OUTLOOK – OUR PRIORITY

Amid a challenging business landscape, LCT remains committed to driving meaningful CSR initiatives that create long-term value for communities. Our approach focuses on delivering high-impact programmes aligned with our corporate values while ensuring the efficient use of resources.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



DATA SECURITY AND PROTECTION

Digitalisation continues to play an increasingly important role in our business as the volume of data we generate and store grows. Accordingly, robust data protection is critical. We prioritise rapid data recovery and restoration in the event of system disruption, while safeguarding information against unauthorised access and ensuring data privacy remain integral to our data protection measures.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- System Integrity and Cybersecurity Risk

Business Capitals



Financial Capital

- Invested in software and hardware as well as Information Technology (“IT”) systems to reinforce data security



Intellectual Capital

- Enhanced IT architecture to ensure our Company’s systems and information assets are safe and secure



Skilled Talent

- IT team to implement our centralised IT architecture, ensuring robust information security across Group

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We prioritise IT and data security, with our systems overseen by the IT Department in accordance with the IT Policy and Group Information Security Policy to ensure a robust security framework. All employees are required to understand, acknowledge and comply with these policies, including remote working procedures and applicable security directives, to mitigate organisational risks.

SAFEGUARDING CYBERSECURITY

LCT places strong emphasis on data security and the protection of stakeholder information through the implementation of appropriate cybersecurity measures and the continuous strengthening of systems and controls. These measures include firewalls to detect external threats, spam and email virus filtering systems, antivirus software across all devices and an offsite disaster recovery centre with real-time server replication to mitigate business disruptions. Regular information security training and quarterly ITS newsletters further enhance employee awareness. Collectively, these efforts underscore LCT’s commitment to minimising cyber risks, ensuring operational continuity and safeguarding stakeholder trust.



MALAYSIA

We have implemented the following initiatives to safeguard our cybersecurity:

- Utilised Virtual Private Network (“VPN”) and Remote Desktop Service (“RDS”) for authorised remote access, incorporating encryption and Two-Factor Authentication (“2FA”) to enhance data security.
- Ensured employees adhere to IT policies when using VPN and RDS to safeguard proprietary information and minimise data break risks.
- Regularly reinforced IT policy compliance through email reminders.
- Strengthened cybersecurity awareness by conducting quarterly phishing simulation exercises to enhance employee preparedness.
- Reviewed monthly firewall reports to monitor employees’ internet usage patterns and identify potential vulnerabilities.
- Distributed Data Loss Prevention (“DLP”) and Document Rights Management (“DRM”) monitoring reports to department managers to enhance oversight and prevent potential data breaches.
- Perform continuous monitoring of the Endpoint Detection and Response (“EDR”) system to protect endpoint devices.
- Enhanced security capabilities through the implementation of Web Application & API Protection (“WAAP”), enhance the Intrusion Prevention System (“IPS”) control and the Security Operations Center (“SOC”).

IT SECURITY SYSTEM AND INFRASTRUCTURE

The centralisation of information security systems across Malaysia and Indonesia is overseen by the Group IT Department in Korea, which leads and monitors the implementation of cybersecurity initiatives. In FY2025, our Malaysian and Indonesian operations continued to strengthen their IT infrastructure and vigilance by implementing enhanced security measures and essential controls.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



MALAYSIA

- Monitored information security systems continuously and identified opportunities for ongoing improvement.
- Implemented EDR for servers to prevent virus attacks and to detect, monitor and respond to malware-related incidents.
- Planned the implementation of a multi-layered security architecture incorporating a second-tier firewall, WAAP. This integrated approach is intended to strengthen resilience against external attacks, insider threats and advanced persistent threats.



INDONESIA

- Sent DRM monitoring emails to department managers to strengthen oversight and help prevent potential data breaches.
- Conducted annual renewal and ongoing monitoring of the Advanced Persistent Threat (“APT”) email security system.
- Planned the implementation of a multi-layered security architecture incorporating a second-tier firewall, WAAP. This integrated approach is intended to strengthen resilience against external attacks, insider threats and advanced persistent threats.
- Annual renewal license and monitoring APT mail security system.
- Continued with the EDR system and performed monthly preventative maintenance.

RISK MANAGEMENT EXERCISES

Our IT Department plays a critical role in safeguarding data privacy and information security. The Department remains abreast of emerging cyber threats and corresponding mitigation measures and conducts regular training sessions to enhance employee awareness and preparedness against evolving security risks.

IT AWARENESS TRAINING

LCT proactively prevents and mitigates user-related risks through comprehensive security awareness training. Our programmes are designed to equip employees with the knowledge and skills needed to prevent and respond to information security threats. Key initiatives include:

- Information Security Awareness training sessions are conducted online in the form of video contents. To enhance understanding, employees are required to participate in a quiz after the training session.
- Employees are required to participate in simulated phishing tests to assess their level of awareness and those who are unsuccessful will undergo further face-to-face training.

- Superiors are tasked with conducting pre-resignation checks on employees including data transfer history, access history on sensitive files, records of emails shared to personal emails and file backup records. This procedure, carried out prior to the employee leaving the organisation, safeguards LCT against potential risk of data breaches.
- Quarterly newsletters are distributed to employees, updating them on information privacy and security.
- Utilising desktop screensavers and banners as a platform, we incorporate cybersecurity awareness such as Clear Desk and Screen policy and phishing email prevention in all employees’ computers to update them on policies and current security threats.

KEY INITIATIVES/ACTIVITIES

In FY2025, we undertook targeted measures and implemented defensive strategies to strengthen the resilience of our IT, data privacy and security systems, including the following:



MALAYSIA

- Deployed EDR solutions on servers to proactively prevent, monitor and remediate virus and malware threats.
- Established a Proof-of-Concept (“POC”) for a multi-layered security framework integrating a second-tier firewall, WAAP, providing robust protection against external attacks, insider risks and advanced persistent threats.
- Completed the upgrade of personal computers to Windows 11, strengthening endpoint security, improving system stability and providing employees with access to enhanced productivity features.
- Collaborated with Group IT Department in Korea to migrate the SAP system from on-premises S/4HANA to SAP Private Cloud Edition (“PCE”), enhancing scalability, strengthening security, reducing infrastructure costs, enabling faster upgrades and unlocking AI-driven tools to support smarter business decision-making as part of our digital transformation journey.
- Partnered with Group IT Department in Korea to conduct comprehensive vulnerability assessments to identify and remediate security gaps, strengthening defences against emerging threats.
- Enhanced systems to comply with government SST requirements and implemented several in-house solutions, including the Security Portal and Plant GA Portal, to digitalise hardcopy documents and streamline operations.
- Leveraged Robotic Process Automation (“RPA”) to optimise business processes, improve productivity and efficiency and accelerate digital transformation initiatives.
- Implemented Microsoft 365 (“M365”) to enhance collaboration, streamline information sharing and improve efficiency, while supporting ESG goals through reduced paper usage, inclusive teamwork and strengthened data security.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



INDONESIA

Apart from regular firmware updates, the effectiveness of our virtual machine infrastructure has safeguarded our IT against security risks, resulting in stable and seamless operations. Additionally, we also executed the following:

- Developed annual information security plans.
- Conducted periodic PC and server security inspections.
- Administered security patches for PC and server.
- Performed preventive maintenance for firewall, endpoint security, DRM and DLP systems.
- Conducted periodic IT security training for employees.
- Continued the use of cloud backup solutions and performed regular backup checks.

OUTPUT – HOW WE PERFORMED

In FY2025, we recorded zero (0) cases of cybersecurity breaches and incidents, across our Malaysian and Indonesian operations.



MALAYSIA

| Year | 2023 | 2024 | 2025 |
|--|------|------|------|
| Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | 0 | 0 | 0 |



INDONESIA

| Year | 2023 | 2024 | 2025 |
|--|------|------|------|
| Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | 0 | 0 | 0 |

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We strengthened the organisation’s IT security by implementing robust cybersecurity practices and enhancing employee awareness through targeted training sessions. These efforts also helped prevent information loss, data leakage and cybersecurity breaches.

FUTURE OUTLOOK – OUR PRIORITY

Moving forward, LCT will continue to explore solutions to address evolving cybersecurity threats, with the aim of strengthening information security while maintaining cost-effectiveness. By embracing technological advancements, we seek to better assess and rationalise data security controls, including the phased replacement of outdated protection mechanisms such as legacy firewalls.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



HUMAN CAPITAL DEVELOPMENT

We recognise human capital as our most valuable asset in driving sustainable business growth. Our performance is underpinned by the strength of LCT’s diverse workforce, whose skills and capabilities are central to our success. Accordingly, we invest in workforce development to foster innovation and resilience, ensuring the organisation not only endures but continues to thrive.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Talent Management Risk

Business Capitals



Financial Capital

- Invested in training and career development programmes across our Malaysia and Indonesia plants, engaging external training providers to enhance both technical and non-technical training outcomes



Skilled Talent

- Led by the Board, a highly experienced Management team and supported by a skilled and committed workforce

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Policies and Procedures

At LCT, employee knowledge and competencies are central to our human capital development agenda. We support this through policies and procedures that guide training and development, career progression and performance appraisal. Our commitment includes the implementation of structured approaches covering training processes and certification programmes. Regular reviews and updates of these policies and procedures ensure continuous support and motivation for employees throughout their learning journey within the organisation.



MALAYSIA

The Government announced updates to labour regulations, including a revised minimum wage of RM1,700 effective 1 August 2025 and mandatory Employees Provident Fund (“EPF”) contributions for foreign workers starting October 2025. LCT already operates above these requirements and no significant impact on existing HR practices is anticipated.



INDONESIA

In FY2025, the Government of Indonesia introduced several regulatory updates aimed at strengthening workforce governance, social protection and labour market readiness. PT LOTTE Chemical Titan Nusantara (“LCTN”) continued to comply with all applicable requirements while supporting the development and wellbeing of our employees. Key regulatory developments relevant to human capital include:

- Labour-market reforms supporting workforce flexibility, skills development and readiness for digitalisation and automation.
- Adjustments to minimum wage policies for 2025, aligned with national economic conditions and inflation.
- Introduction of Government Regulation PP No. 6/2025 and PP No. 7/2025, which enhance employee social protection under programmes such as Jaminan Kehilangan Pekerjaan (“JKP”) and Jaminan Kecelakaan Kerja (“JKK”).
- Emphasised skills development to adapt the workforce to digitalisation and automation.
- Ministerial Regulation No. 1/2025 expanding JKK and Jaminan Kematian (“JKM”) coverage for additional employee categories.

In recognition of our commitment to employee welfare and compliance with national health-security obligations, LCTN received the Satya JKN Award 2025 from BPJS Kesehatan.

TRAINING AND DEVELOPMENT PROGRAMMES

We are committed to supporting the professional development of our people. Our targeted training programmes are designed to align with individual career aspirations, fostering sustained motivation and the continuous enhancement of competencies.

The training team regularly assesses the effectiveness of these programmes and makes refinements to optimise outcomes and support continuous improvement. Selected training initiatives incorporate pre- and post-assessments to evaluate learning outcomes and measure training impact. During the year, LCT continued to offer a range of employee training options and sustained its Human Resources Learning and Development programmes to strengthen learning awareness across the organisation. Building on the success of previous initiatives, programme effectiveness will be assessed using metrics such as competency gaps, learning culture and overall learning effectiveness.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



MALAYSIA

The foundation of our Learning and Development initiative is built upon five (5) main pillars:

- Job Competency
- Soft Competency (including motivational and mental wellbeing)
- Safety and Environment
- Leadership
- Compliance

LCT successfully conducted a range of training sessions for its employees through both in-person and virtual formats. These sessions covered key areas including job-related skills, safety, compliance, environmental management and soft-skills development. The training programmes were strategically aligned with performance management objectives, with an emphasis on strategic communication, to strengthen leadership capabilities and enhance employees' skills and competencies.

The technical training modules were carefully designed to enhance employees' proficiency in their respective roles and ensure they are up to date with the latest industry developments.

LCT also placed strong emphasis on strengthening soft skills through training sessions focused on stress management, mental wellbeing and the cultivation of positive work habits and self-motivation. This holistic approach equips employees with essential interpersonal and personal development skills to support effective daily work interactions. By integrating technical capability with soft-skills development, we aim to foster a well-rounded and resilient workforce.

In addition, a training evaluation survey was conducted to gather participants' feedback across the various training programmes. The results indicated a preference for increased use of case studies during training sessions, as well as expanded training opportunities across all employee levels.



INDONESIA

- In FY2025, we continued applying the Training Needs Analysis (“TNA”) process to guide the planning of our training initiatives. Each Head of Department is responsible for identifying critical training needs for the upcoming financial year.
- We organised the training needs into three (3) categories:
 1. **Mandatory Training:** Covers essential skills such as forklift and crane operation.
 2. **Competency Training:** Focuses on supervisory effectiveness, behavioural excellence and cultivating a positive attitude.

3. **Technical Skill Training:** Addresses role-specific operational competencies, including extruder and pump operations.

- We also implemented accelerated programmes for future leaders at the employee level. This includes the Lifetime Empowerment and Acceleration Programme (“LEAP”), a six (6) month initiative designed to strengthen both hard and soft competencies of identified high-potential employees.
- To deliver these programmes effectively, we leveraged a range of learning platforms, including e-learning modules, online and offline libraries and on-site training at our plant facilities. This blended approach ensures accessible, targeted and impactful learning to support employees' professional growth and overall competence.

CAREER DEVELOPMENT PROGRAMMES

We are committed to supporting the success and achievements of our employees. To enable career progression and help our people realise their full potential, we have implemented structured and comprehensive development programmes. In FY2025, the following initiatives were carried out:

- **Career Programme Development for all Employees:** Supported employees in identifying competency gaps and developing the skills required to strengthen their performance and career readiness.
- **Internship, Scholarship Programmes and Apprenticeship (Indonesia only):**
 - Provided internship placements and scholarships to students from Sultan Agung Tirtayasa University and Politeknik Industri Petrokimia Banten. In FY2025, a 3–12 month apprenticeship programme was implemented, with selected participants subsequently offered permanent employment. The internship programme is open to university students, senior high school/vocational students and educators, with up to 10 participants accepted monthly. These initiatives align with programmes by the Ministry of Industry, Ministry of Education and Culture and the Ministry of Labour.
- **Industrial Site Visits:** Facilitated on-site visits to our manufacturing facilities to provide students with practical exposure to the petrochemical industry.
- **Customised Supervisory Programme:** Delivered targeted leadership training for selected supervisory-level employees, focusing on strengthening people management and leadership capabilities.
- **Job Grade Conversion:** Enabled employees who have attained degree or master's qualifications to transition from the skilled group to the exempt group, supporting career progression.

TALENT MANAGEMENT

At LCT, we foster a culture of excellence through structured training and development programmes that build skills, leadership and adaptability. We support continuous improvement by investing in our people, enabling them to thrive in an evolving and dynamic business environment.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



MALAYSIA

LCT Malaysia proactively enhanced organisational performance through the implementation of a structured performance management system across all leadership levels. To provide clarity on expectations and objectives, the Company introduced defined Key Performance Indicators (“KPIs”) that serve as clear benchmarks for employee performance, with measurable targets aligned to overall organisational success.

A key component of the performance management process is a robust review mechanism that incorporates continuous feedback from officials. This feedback loop provides leaders with valuable insights into their performance, supporting a responsive and improvement-driven approach. LCT values officials' perspectives as an integral part of ensuring a balanced and comprehensive assessment of leadership effectiveness.

In addition, LCT Malaysia aligns individual performance with organisational goals, offering employees a clear development roadmap and reinforcing how their contributions directly support the Company's strategic objectives and long-term success.



INDONESIA

Through our talent management initiatives, we aim to inspire, engage and retain employees, thereby strengthening organisational capability and driving improved performance through the following approaches:

- **Talent Acquisition:** Identifying the most suitable individuals for specific roles, whether through experienced hires or initiatives to develop new talent pipelines.
- **Talent Mapping:** Assessing employees' strengths and development gaps using tools such as the 9-box grid. This enables optimal role placement and informs decisions on hiring fresh graduates, experienced professionals or re-engaging retired employees where appropriate.
- **Talent Development:** Enhancing our talent pool by leveraging insights from talent mapping and delivering targeted training programmes and workshops aligned with employees' competencies and potential.
- **Career Management:** Supporting career progression through structured succession planning, including the implementation of the LEAP as a key talent development initiative.

In FY2025, we commenced the implementation of various people development programmes, including the following:

- **Engineering Development Trainee (“EDT”):** Designed to equip experienced employees and certified engineers with the skills and support needed to enhance their contribution to business development. The programme also emphasises

social responsibility, particularly within our manufacturing environments and is conducted in collaboration with Politeknik Industri Petrokimia Banten as part of a vocational development initiative.

- **Apprenticeship Programme:** LCT established an internal apprenticeship programme to provide hands-on, on-the-job training opportunities for students from schools and universities. In partnership with the Ministry of Industry, selected participants are offered a one-year apprenticeship within the Company.
- **Internship Programme:** In collaboration with the Ministry of Industry, LCT participated in a government-led internship programme, hosting two (2) candidates during the year.

PERFORMANCE APPRAISAL

The performance appraisal process evaluates and documents employee performance to improve work quality, productivity and efficiency. LCT applies an electronic appraisal (“e-Appraisal”) system via the Employee Self Service (“ESS”) platform, incorporating a 180-degree evaluation involving the employee, immediate superior and Head of Department. This system supports consistent performance assessment and employee development.

SUCCESSION PLANNING

In line with our commitment to organisational excellence, our succession planning framework is reviewed biennially. The framework focuses on strengthening leadership capabilities across LCT's operations in Malaysia and Indonesia. Our succession programme is anchored on key pillars, including Leadership Modules, Leadership Development Programmes' and Coaching and Mentoring initiatives, ensuring a robust and future-ready leadership pipeline to support long-term organisational growth.



MALAYSIA

In our Malaysian operations, we utilise LOTTE Academy's 180-degree leadership assessment survey for employees at managerial level and above. The survey findings help identify development areas, enabling targeted action plans to address capability gaps. The process also supports the identification of potential successors and the implementation of designated Leadership Modules to strengthen leadership styles and competencies.

In FY2025, LCT Malaysia continued to implement the following succession planning initiatives:

- Advancements based on competency, extending beyond specific job vacancies.
- Increased promotion rates and implementation of retention measures for key successors.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

RETIREMENT PROGRAMME

We are committed to empowering individuals for a smooth transition into the next chapter of their lives by providing essential support and resources.

- **Pre-retirement for Indonesia:** Employees approaching retirement are supported through a structured pre-retirement planning initiative designed to prepare them for life after employment. The programme includes pre-retirement training, seminars on retirement readiness and assistance with pension and insurance application processes. Employees who wish to continue contributing to the organisation may also be considered for suitable post-retirement placement options. As a token of appreciation, retirees are presented with commemorative gifts, including precious gold and other special mementos, in recognition of their service to the Company.
- **Post-Retirement:** Post-retirement placement options include fixed-term employment, short-term project assignments, advisory service contracts and job placements within subsidiary companies. These arrangements are assessed based on factors such as age, length of service, experience and specialised skills and are governed by the Fixed Term Employment Contract Policy.
- **Employee Transition Assistance Programme:** This programme facilitates a smooth transition to retirement by supporting employees’ readiness and providing assistance with pension and insurance processes.

OUR OUTPUT – HOW WE PERFORMED

a) Total Training Hours

i. By employee category



MALAYSIA

| Employee Category | 2023 | 2024 | 2025 |
|----------------------|--------|--------|--------|
| Senior Management | 176 | 112 | 254 |
| Middle Management | 1,717 | 1,820 | 1,416 |
| Executive | 22,514 | 10,177 | 12,560 |
| Technician and below | 30,534 | 25,938 | 17,542 |



INDONESIA

| Employee Category | 2023 | 2024 | 2025 |
|----------------------|-------|-------|-------|
| Senior Management | 0 | 12 | 9 |
| Middle Management | 200 | 512 | 277 |
| Executive | 2,155 | 3,080 | 2,541 |
| Technician and below | 3,231 | 3,452 | 3,180 |

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We empower our workforce through continuous investment in training and development, equipping employees with the expertise required to meet the demands of our knowledge-intensive and skill-driven industry. These efforts strengthen our competitive edge and reinforce our commitment to sustainable value creation through a strong focus on leadership development and succession planning.

FUTURE OUTLOOK – OUR PRIORITY

We are committed to supporting employee growth through continuous learning and development while nurturing future leaders to drive the Company’s long-term success. Through a range of training programmes, we equip our employees with both technical and soft skills to excel in their roles. Looking ahead, LCT will focus on expanding learning opportunities, strengthening leadership programmes and introducing coaching initiatives to further empower our leadership team, reinforcing our efforts towards comprehensive employee development and a well-rounded workforce.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



HUMAN RIGHTS AND FAIR EMPLOYMENT PRACTICES

Compliance serves as the foundation of LCT’s approach to employment and career opportunities. While we adhere to all regulatory requirements, our sustainability plan goes further by actively safeguarding the rights of all stakeholders. This commitment extends to our employees, suppliers and communities. We believe that every employee should be provided with the opportunity for meaningful employment and fair remuneration.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Talent Management Risk

Business Capitals



Financial Capital

- Hiring skilled talents (i.e., management and operational workforce) to ensure business continuity



Skilled Talent

- Led by a highly experienced Management team and supported by a skilled and committed workforce

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Commitment to Human Rights and Non-Discriminatory Behaviour

We uphold internationally proclaimed human rights of all employees, condemning discrimination based on gender, age, religion, race, sexual orientation, disabilities, nationality or educational background. Our BECOC serves as a guide, outlining our commitment to diversity, equal opportunity and human rights, with a proactive stance against sexual harassment and workplace violence.

Within our BECOC, the following commitments and statements are outlined:

- Committed to promoting diversity and equal opportunities for every employee to foster an inclusive workplace.
- Our strong opposition to child labour is explicitly communicated in our recruitment and staffing policies. This policy prohibits the hiring of minors for any roles within LCT, extending to third-party service providers and contractors. Employment is exclusively open to individuals aged 18 and above.

These principles are also applied consistently in Indonesia, where they are formally embedded in the provisions of the Collective Labour Agreement (“CLA”). The CLA reinforces our commitments to human rights, child protection, non-discrimination and gender equality across our Indonesian operations.

In 2025, we continued to strengthen ethical conduct across the organisation through policy briefings, annual declarations and refresher sessions on BECOC covering topics such as sexual harassment, workplace bullying and compliance with company policies. We also collaborated with Social Security Organization (“SOCISO”) to raise awareness on employee protection schemes. These initiatives are integrated into our performance management processes to reinforce a culture of ethics, accountability and responsible behaviour.

ELIMINATION OF EXCESSIVE WORK HOURS

We are committed to fostering a healthy work environment and preventing issues such as employee burnout and work-life imbalance. Our Overtime Compensation and Limitation Policy provides clear guidance to manage overtime, mitigate safety risks, reduce absenteeism and maintain productivity.

Team leaders are encouraged to actively monitor and manage overtime within their teams, with overtime undertaken only when necessary.

We also uphold the principles of equal pay for equal work and equal employment opportunity through clear policies, including our BECOC and CLA. These policies support fair employment practices and prevent discrimination based on age, race, religion, gender, nationality, disability or other protected characteristics.

To reinforce accountability and ethical conduct, all employees are required to annually confirm their compliance with the BECOC and the ABAC Manual, underscoring our commitment to fairness, integrity and equal treatment across the organisation.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



MALAYSIA

Ensuring compliance with the Employment Act 1955, we prioritise fair compensation for our employees based in Malaysia. We diligently manage our workforce to meet operational requirements and foster a healthy work environment to prevent excessive work hours.



INDONESIA

Our operations in Indonesia consistently align with relevant legal regulations concerning payroll disbursements, particularly with regard to compensating shift members for overtime.

FAIR AND EQUAL TREATMENT

Our labour policies and procedures promote fair and equitable treatment while safeguarding fundamental human rights. Key frameworks, including the BECOC, Whistleblowing Policy, CLA and Grievance Handling Procedure, govern recruitment, wellbeing, remuneration and grievance management. All employees are treated fairly regardless of nationality, with equal rights extended to expatriate employees under the CLA. No complaints relating to unfair treatment of expatriate employees were reported in FY2025. These policies underscore our commitment to the following:



Strive for equal opportunity: We hire and retain top talents based on merit and qualifications, without discrimination based on a person's age, race, religion, gender or physical disability.



Ensure merit-based selection: We screen applicants' qualifications, work experience and relevant background and verify application details to ensure the selection of suitable candidates.



Maintain transparency: We clearly communicate the recruitment process to candidates, from application to selection.



Uphold ethical standards: We formalise our commitment towards fair and ethical hiring practices, as stipulated in our BECOC.

We maintain a systematic process to identify, attract and hire qualified talents. Our recruitment procedures follow a general framework:

- Internal Manpower Requisition
- Job Vacancies Advertisement
- Candidates Screening
- Interview Sessions Invitation
- Technical and Skills Tests
- Management Approval
- Pre-Employment Medical Examination Tests
- Letter of Offer Issuance and Acceptance

We also prioritise local hiring in our recruitment process, reinforcing our commitment to community development and creating employment opportunities within the areas where we operate.

EMPLOYEE REMUNERATION REVIEW

We offer equitable and competitive compensation, ensuring employees receive fair remuneration and recognition for their contributions in the workplace.



MALAYSIA

- Employee remuneration is linked to individual performance and assessed against defined KPIs. Competency, innovation and development are considered in determining annual increments, performance bonuses and promotions.
- The Human Resources Department conducts the assessments, where subsequent final decisions are made by the respective Heads of Department. This structured process supports fair and consistent remuneration and upholds the principle of equal pay for equal work, as set out in the Salary Guideline policy, which defines remuneration based on job grade and salary range.



INDONESIA

- We conduct an annual remuneration review to ensure a thorough and equitable evaluation of our employees' remuneration packages.
- Remuneration decisions take into account individual achievements, innovation and contributions to team development as part of the evaluation process.

The criteria for the annual remuneration review are outlined in the CLA, encompassing factors such as annual inflation, employee performance and the Company's financial position.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

EMPLOYEE WELFARE AND BENEFITS

Our commitment to fair labour practices is underpinned by strict compliance with legal requirements and proactive alignment with evolving regulations. Our remuneration packages exceed minimum wage standards and are regularly benchmarked against industry peers, with comprehensive healthcare benefits covering outpatient, hospitalisation and dental care. Other benefits include:

- Parental Leave
- Flexible Working Arrangements (Malaysia)
- Condolence and Calamity Donations
- Allowances and Subsidies
- Emergency Financial Assistance
- Pension Fund
- Government Social Security Agency (BPJS Kesehatan and Ketenagakerjaan) – Indonesia
- Vacation Allowances (Indonesia)
- Shift Allowances

The terms specified in individual employment contracts determine other welfare and benefits provided to our contract employees.

In Indonesia, employees are also eligible for interest-free loans, including personal, education and emergency financial assistance.

EMPLOYEE ENGAGEMENT

We conduct either an Employee Engagement Survey (“EES”) or an Employee Satisfaction Survey (“ESS”) annually across our Malaysian and Indonesian operations. The EES measures employee engagement, while the ESS assesses satisfaction across key aspects, providing valuable insights into employees' perceptions of the Company. In FY2025, we conducted the EES for both Malaysian and Indonesian operations.

EMPLOYEE GRIEVANCES/TRADE UNION

We respect employees' rights to raise concerns, seek clarification and provide feedback through established grievance channels. LCT upholds the freedom of association and collective bargaining, ensuring that employees engage in dialogue and representation in accordance with applicable laws in each country of operation.



MALAYSIA

In Malaysia, employee grievances are addressed through the Joint Consultative Committee (“JCC”), which serves a structured platform for dialogue and issue resolution. This JCC facilitates monthly discussions on various matters, including safety and health, employee benefits and compensation, with approximately 30 employee-elected members. The involvement of employees is ensured by securing elected members through the 76 organisation's constitution and providing them with incentives for serving as representatives in the JCC.

The JCC holds up to 10 annual sessions to address and resolve employee-company issues and operates in accordance to a standard operating procedure with three (3) key steps:



It maintains an open-door policy, allowing anyone to raise concerns or problems.



An external advisor is involved in meetings to offer diverse perspectives on the issues at hand.



Unresolved issues are escalated to the president for high-level attention.

This approach reflects a commitment to fair decision-making and proactive issue resolution. In FY2025, 11 JCC sessions were held as mandated to address 83 issues.



INDONESIA

In Indonesia, these commitments are reinforced through the CLA, which sets out employees' rights to freedom of association, collective bargaining and representation. Labour Union meetings are held at least once a month, or as needed, to facilitate ongoing dialogue between employees and management.

LCTN has also initiated the drafting of the 2026–2028 CLA, which will replace the current agreement and is targeted for registration with the Ministry of Labour by July 2026.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OTHER EMPLOYEE ENGAGEMENT INITIATIVES

By consistently fostering open communication and collaboration, we aim to create a vibrant and enriching atmosphere that empowers our team members.



MALAYSIA

In FY2025, LCT implemented a range of employee engagement initiatives to foster a supportive and inclusive work environment. These included team-building activities, sports events, health and wellness programmes and departmental team lunches, which helped strengthen teamwork, workplace relationships and a positive organisational culture. In addition, ESG Awareness and Wellbeing Engagement programmes were introduced, featuring Sexual Harassment and ABAC Awareness Talks.

LCT also organised an Employment Insurance System (“EIS”) awareness session in collaboration with the SOCSO and set up an Employee Wellbeing Service Counter with Amanah Saham Nasional Berhad (“ASNB”) to provide employees with direct access to support services. Collectively, these initiatives reflect LCT’s continued commitment to employee welfare, mental wellbeing, ethical conduct and a healthy working environment.



INDONESIA

In Indonesia, LCT implemented a range of employee engagement initiatives throughout FY2025. These included sports community activities for all employees, townhall sessions, Umrah trips, departmental team-building programmes, the Employee of the Year and Department of the Year Awards, Family Gathering events, as well as Mini Olympic and health talk programmes involving employees and their families.

In addition, LCT provides supportive facilities such as lactation rooms and actively encourages employees’ hobbies and recreational activities. Collectively, these initiatives reflect LCT’s holistic approach to employee engagement and its commitment to fostering a positive, inclusive and supportive work environment within its Indonesian operations.

OUR OUTPUT – HOW WE PERFORMED

Note:

The figures for our Malaysian operations exclude temporary staff.

Employee Profile

| Indicator | Malaysia | | | | | | Indonesia | | | | | |
|-----------------|----------|-------|--------|-------|--------|-------|-----------|-------|--------|-------|--------|-------|
| | 2023 | | 2024 | | 2025 | | 2023 | | 2024 | | 2025 | |
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Total employees | 1,150 | – | 1,125 | – | 938 | – | 341 | – | 331 | – | 322 | – |
| Total new hires | 129 | – | 83 | – | 21 | – | 16 | – | 25 | – | 12 | – |
| Total attrition | 97 | 8.43% | 83 | 7.38% | 87 | 9.28% | 8 | 2.35% | 18 | 5.44% | 11 | 3.42% |

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Employees by Employment Type

| Employment Type | Malaysia | | | | | | Indonesia | | | | | |
|---|----------|-------|--------|-------|--------|-------|-----------|-------|--------|-------|--------|-------|
| | 2023 | | 2024 | | 2025 | | 2023 | | 2024 | | 2025 | |
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Employees that are contractors or temporary staff | 3 | 0.26% | 4 | 0.36% | 1 | 0.11% | 5 | 1.47% | 6 | 1.81% | 9 | 2.80% |

Employees with a Disability

| Disability | Malaysia | | | | | | Indonesia | | | | | |
|-----------------------------|----------|-------|--------|-------|--------|-------|-----------|-------|--------|-------|--------|-------|
| | 2023 | | 2024 | | 2025 | | 2023 | | 2024 | | 2025 | |
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Employees with a disability | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 1 | 0.29% | 1 | 0.30% | 1 | 0.31% |

New Hires by Gender

| Gender | Malaysia | | | | | | Indonesia | | | | | |
|--------|----------|--------|--------|--------|--------|--------|-----------|--------|--------|--------|--------|--------|
| | 2023 | | 2024 | | 2025 | | 2023 | | 2024 | | 2025 | |
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Male | 102 | 79.07% | 71 | 85.54% | 13 | 61.90% | 15 | 93.75% | 20 | 80.00% | 9 | 75.00% |
| Female | 27 | 20.93% | 12 | 14.46% | 8 | 38.10% | 1 | 6.25% | 5 | 20.00% | 3 | 25.00% |



Employee Turnover by Employee Category

| Turnover by Employee Category | Malaysia | | | Indonesia | | |
|-------------------------------|----------|--------|--------|-----------|--------|--------|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| | Number | Number | Number | Number | Number | Number |
| Senior Management | 0 | 1 | 0 | 0 | 1 | 0 |
| Middle Management | 2 | 3 | 4 | 0 | 0 | 2 |
| Executive | 34 | 44 | 40 | 7 | 14 | 5 |
| Technician and below | 61 | 35 | 43 | 1 | 3 | 4 |



STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Employee Diversity

| Diversity |  Malaysia | | | | | |  Indonesia | | | | | |
|-----------------------------|---|-----|--------|-----|--------|-----|--|------|--------|------|--------|------|
| | 2023 | | 2024 | | 2025 | | 2023 | | 2024 | | 2025 | |
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Senior Management | | | | | | | | | | | | |
| Male | 20 | 80% | 22 | 85% | 20 | 83% | 4 | 100% | 2 | 100% | 2 | 100% |
| Female | 5 | 20% | 4 | 15% | 4 | 17% | 0 | 0% | 0 | 0% | 0 | 0% |
| Middle Management | | | | | | | | | | | | |
| Male | 48 | 66% | 46 | 64% | 35 | 59% | 25 | 89% | 24 | 86% | 27 | 84% |
| Female | 25 | 34% | 26 | 36% | 24 | 41% | 3 | 11% | 4 | 14% | 5 | 16% |
| Executive | | | | | | | | | | | | |
| Male | 255 | 67% | 249 | 68% | 210 | 68% | 107 | 73% | 103 | 73% | 98 | 74% |
| Female | 127 | 33% | 117 | 32% | 97 | 32% | 39 | 27% | 39 | 27% | 35 | 26% |
| Technician and below | | | | | | | | | | | | |
| Male | 601 | 90% | 593 | 90% | 488 | 89% | 157 | 96% | 153 | 96% | 148 | 95% |
| Female | 69 | 10% | 68 | 10% | 60 | 11% | 6 | 4% | 6 | 4% | 7 | 5% |
| Age Group | | | | | | | | | | | | |
| Below 30 years | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| 30 – 50 years | 10 | 40% | 11 | 42% | 11 | 46% | 0 | 0% | 0 | 0% | 0 | 0% |
| Above 50 years | 15 | 60% | 15 | 58% | 13 | 54% | 4 | 100% | 2 | 100% | 2 | 100% |

Number of Substantiated Complaints Concerning Human Rights Violations

| Indicator |  Malaysia | | |  Indonesia | | |
|---|---|--------|--------|--|--------|--------|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| | Number | Number | Number | Number | Number | Number |
| Number of substantiated complaints concerning human rights violations | 0 | 0 | 0 | 0 | 0 | 0 |

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Our commitment to responsible and ethical employment practices has delivered tangible outcomes, ensuring fair and equitable treatment for all employees. Our focus on diversity and inclusion is reflected in our recruitment and promotion processes, which provide equal opportunities regardless of ethnicity. By valuing employee development and fostering an inclusive workplace, we continue to attract, develop and retain high-quality talent, creating long-term value for both the Company and its stakeholders.

In FY2025, there were zero (0) reported cases of discrimination or non-compliance with labour standards across our operations in Malaysia and Indonesia.

FUTURE OUTLOOK – OUR PRIORITY

We are committed to upholding human rights and fostering a respectful, inclusive and fair workplace across all our operations. Despite the challenging business environment, we continue to engage our employees through regular communication and ensure compliance with all relevant labour laws and employment standards.



STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



REGULATORY COMPLIANCE

LCT is committed to upholding high standards of corporate responsibility through full compliance across all activities. This commitment, at the core of our values, strengthens trust and engagement with stakeholders, regulators and governmental agencies.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Compliance Risk – Safety, Health and Environment
- Compliance Risk – License

Business Capitals



Social and Relationship Capital

- Maintaining good relationships with all stakeholders including government agencies, regulators, suppliers, customers and the communities in which we operate

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

At LCT, we uphold the trust and confidence built over the years through consistent adherence to strong ethical principles and sound governance practices across our value chain. We believe trust is demonstrated through actions, reflecting the integrity embedded in our organisational culture.

With oversight and endorsement from the Board, our ethical conduct and governance are guided by our Anti-Bribery and Anti-Corruption (“ABAC”) Framework, supported by the following key policies:

- Business Ethics & Code of Conduct (“BECOC”)
- ABAC Manual
- Whistleblowing Policy
- Supplier Code of Conduct

These policies are aligned with the corporate liability provisions under the Malaysian Anti-Corruption Commission (Amendment) Act 2018. LCT adopts a zero-tolerance approach towards bribery and corruption and has established appropriate procedures and controls to ensure ongoing compliance with all applicable laws and regulations.

During the year, we continued to reinforce compliance with ABAC requirements through initiatives such as annual ABAC certifications, periodic framework reviews and enhancements. All employees are also required to attend annual ABAC training to ensure organisation-wide awareness, understanding and compliance.

BECOC

Our BECOC is accessible to all employees in Malaysia and Indonesia and is available in English, Bahasa Malaysia and Bahasa Indonesia. It outlines the following key policies and procedures:

- Responsible and ethical business conduct expected of all employees, from the Board of Directors to operational staff, in full compliance with applicable laws and regulations.
- Equal employment opportunity, diversity and faithful service as well as the prevention of corruption, abuse of power, sexual harassment and workplace violence.
- Guidelines governing employee conduct in business engagements with third parties, including suppliers and consultants.
- ABAC policies, including the No Gift Policy, are practised with limited exceptions. The Legal and Compliance Team issues regular email reminders, particularly during festive seasons, to reinforce adherence.

It is mandatory for all LCT employees to make an annual declaration of compliance with the BECOC.

ABAC MANUAL

Our ABAC Manual informs our strict zero-tolerance stance on bribery and corruption. This position is communicated through regular refresher training sessions on the BECOC, ABAC and Whistleblowing Policy for our employees. The ABAC Manual is readily accessible via the employee portal and the Company’s website. LCT also emphasises compliance with the ABAC Manual among its vendors by incorporating relevant requirements into contractual and legal documentation.

WHISTLEBLOWING POLICY

Our Whistleblowing Policy encourages the reporting of wrongdoing or improper conduct within LCT. It establishes clear procedures and reporting channels for the Board of Directors, employees and third parties to raise concerns or report unethical or illegal behaviour.

- Whistleblowing forms are available on both the employee portal and Company’s website for the reporting and submission of potential unethical or illegal conduct.
- This policy provides protection to whistleblowers by maintaining confidentiality, except where the disclosure is required by law.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Reports can be submitted to immediate superiors, the Compliance Officer, the President & CEO or the Chairman of the Audit Committee, ensuring independence, transparency and appropriate governance in handling disclosures.

PERSONAL DATA PROTECTION ACT AND PERSONAL DATA PROTECTION LAW

Personal Data Protection Laws and Regulations

In today’s interconnected digital landscape, LCT places strong emphasis on safeguarding personal data integrity. Beyond legal and regulatory compliance, this commitment reflects our core ethical values. By prioritising transparency and respecting individual rights, we foster long-term relationships built on trust and integrity.



MALAYSIA

In Malaysia, our commitment is reflected through strict adherence to the Personal Data Protection Act (“PDPA”) 2010. We stay informed of regulatory developments to ensure personal data is protected against unauthorised access or misuse. LCT’s in-plant clinics are also registered as data users with the Department of Personal Data Protection.

Following the amendments introduced in the Personal Data Protection (Amendment) Act 2024, we have undertaken the necessary compliance enhancements including the appointment of a Data Protection Officer (“DPO”) and updating our Personal Data Protection Statements (“PDPS”) and related policies to ensure continued compliance.



INDONESIA

Similarly, in Indonesia, we proactively respond to the requirements of Law No. 27 of 2022 concerning Personal Data Protection (“PDP Law”), which came into force on 17 October 2022. Since its enactment, we have undertaken a structured approach to align our processes with the PDP Law, including:

- Engaging in detailed assessments to identify areas for alignment with the PDP Law.
- Implementing necessary changes and enhancements in our data handling and privacy policies.
- Ensuring all relevant departments are fully informed and trained in compliance with the new law.

A Personal Data Protection (“PDP”) Policy became effective on 11 October 2024. Relevant departments, including Procurement, Commercial and Human Resources, have

established PDP Standard Operating Procedures (“SOPs”) to support the implementation of the Policy. These SOPs function as integrated guidance applicable across departments as part of the Company’s data protection practices. A designated Personal Data Protection Officer has been appointed to oversee compliance and coordinate the implementation of appropriate data protection systems and procedures in collaboration with relevant departments.

Our commitment to safeguarding personal data is firm. As regulatory requirements and technologies continue to evolve, LCT focuses on strengthening data protection practices, upholding privacy as a core ethical responsibility and maintaining the trust placed in us by our stakeholders.

TRAININGS

In Malaysia, we conduct regular briefings for employees on key governance areas, including insider trading, closed periods, the Contract Approval Procedure (“CAP”) and Related Party Transactions (“RPTs”). These sessions cover crucial topics including reporting and approval requirements, potential liabilities for both the Company and employees and the legal consequences of non-compliance.

In Indonesia, insider trading awareness sessions are conducted for all employees. Key governance and compliance requirements are incorporated within these sessions to ensure awareness across the organisation.

ONGOING EFFORTS TO MITIGATE BRIBERY AND CORRUPTION

In our ongoing efforts to reduce the risk of bribery and corruption across our operations, we proactively implement the following initiatives:

- New employees receive ABAC briefings as part of their onboarding programme.
- Annual refresher training on ABAC policies is conducted to reinforce awareness and compliance with the Company’s ABAC Framework.
- Employees in our Malaysian operations are required to make an online declaration confirming their understanding of and commitment to comply with, the BECOC, ABAC Manual and other relevant Group policies and procedures.
- Conflict of interest declarations are submitted annually by Malaysian employees and every three (3) years by employees in Indonesia, with new joiners required to declare any conflicts upon commencement of employment.
- Anti-bribery clauses are embedded into official documents, policies and standard agreements, obligating all parties to comply with these provisions.
- Each Line Department is responsible for obtaining a signed Third-Party Declaration form from new customers, suppliers, consultants and other third parties involved in business with LCT or its subsidiaries.

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

- All new customers, suppliers, consultants and other third parties are required to complete a Third-Party Due Diligence Questionnaire, which has now been fully implemented Company-wide. These parties are assessed on the adequacy of their ABAC practices and controls.
- Further enhancements to the ABAC Framework are currently being implemented following recommendations from an audit conducted in 2025.

The Group’s commitment to compliance with applicable laws and regulations is reinforced through annual reviews covering key areas such as Business Compliance Processes, Legal Register updates and ABAC Framework enhancements. In Indonesia, LCT has implemented Business Compliance Processes and Legal Registers across all departments to systematically ensure and monitor compliance with laws and regulations affecting business operations. In parallel, continuous and relevant legal and compliance training is provided to employees to strengthen their understanding and application of regulatory requirements across the Group.

OUR OUTPUT – HOW WE PERFORMED

a) ABAC related Training

Percentage of Employees Who Received Training Related to ABAC

LCT ensures that all employees receive ABAC training, with mandatory refresher training conducted annually to reinforce awareness and compliance.



MALAYSIA

| Employee Category | 2023 | 2024 | 2025 |
|----------------------|------|------|--------|
| Senior Management | 92% | 77% | 100% |
| Middle Management | 95% | 94% | 100% |
| Executive | 90% | 93% | 100% |
| Technician and below | 82% | 88% | 99.64% |

Note:

Prior to year 2024, each employee was required to refresh their ABAC training once every three (3) years.



INDONESIA

| Employee Category | 2023 | 2024 | 2025 |
|----------------------|------|------|------|
| Senior Management | 100% | 100% | 100% |
| Middle Management | 100% | 100% | 100% |
| Executive | 100% | 100% | 100% |
| Technician and below | 100% | 100% | 100% |

b) Operations Assessed For Corruption-Related Risks

Percentage of Operations Assessed For Corruption-Related Risks

| Year | 2023 | 2024 | 2025 |
|-----------|------|------|------|
| Malaysia | 100% | 100% | 100% |
| Indonesia | 100% | 100% | 100% |

STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

c) Confirmed Incidents of Corruption and Action Taken

| Year | 2023 | 2024 | 2025 |
|-----------|------|------|------|
| Malaysia | 0 | 0 | 0 |
| Indonesia | 0 | 0 | 0 |

d) Political Contribution

LCT prohibits any form of political contributions.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We are committed to continuously strengthening the Company’s corporate governance framework and corporate culture. LCT’s governance and security principles underpin stakeholder trust and ensure it is consistently upheld.

FUTURE OUTLOOK – OUR PRIORITY

LCT is steadfast in its commitment to full compliance with applicable laws and regulations across its operating countries. We uphold strong ethical business practices through robust governance policies, supported by annual training programmes on compliance and corporate governance to reinforce awareness and accountability across the organisation.



GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION | |
|--|--|---|---|
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | IAR Section 1: About this Report | |
| | 2-2 Entities included in the organisation's sustainability reporting | IAR Section 1: About this Report (Reporting Scope and Boundary) | |
| | 2-3 Reporting period, frequency and contact point | IAR Section 1: About this Report (Reporting Scope and Boundary, Feedback and Contact Point) | |
| | 2-4 Restatements of information | IAR Section 1: About this Report (Information on Changes in Reporting) | |
| | 2-5 External assurance | IAR Section 1: About this Report (Assurance) | |
| | 2-6 Activities, value chain and other business relationships | IAR Section 1: About this Report (Our Products and Quality, How We Position Ourselves in the Business) | |
| | 2-7 Employees | IAR Section 4: Human Rights and Fair Employment Practices | |
| | 2-9 Governance structure and composition | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-10 Nomination and selection of the highest governance body | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-11 Chair of the highest governance body | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-13 Delegation of responsibility for managing impacts | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-14 Role of the highest governance body in sustainability reporting | IAR Section 2: Sustainability Working Group Chairman's Message | |
| | 2-15 Conflicts of interest | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-16 Communication of critical concerns | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-17 Collective knowledge of the highest governance body | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-18 Evaluation of the performance of the highest governance body | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-19 Remuneration policies | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-20 Process to determine remuneration | IAR Section 6: Corporate Governance Overview Statement | |
| | 2-22 Statement on sustainable development strategy | IAR Section 2: Sustainability Working Group Chairman's Message | |
| | 2-23 Policy commitments | IAR Section 4: Regulatory Compliance IAR Section 6: Corporate Governance Overview Statement | |
| | 2-24 Embedding policy commitments | IAR Section 4: Regulatory Compliance | |
| | 2-25 Processes to remediate negative impacts | IAR Section 4: Customer Value Creation IAR Section 4: Human Rights and Fair Employment Practices | |
| | 2-26 Mechanisms for seeking advice and raising concerns | IAR Section 4: Regulatory Compliance | |
| | 2-27 Compliance with laws and regulations | IAR Section 4: Regulatory Compliance | |
| | 2-28 Membership associations | IAR Section 1: LCT at a Glance (Membership in Associations) | |
| | 2-29 Approach to stakeholder engagement | IAR Section 3: Understanding Our Stakeholders | |
| | 2-30 Collective bargaining agreements | IAR Section 4: Human Rights and Fair Employment Practices | |
| | GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | IAR Section 3: Sustainability at the Core of Our Business |
| | | 3-2 List of material topics | IAR Section 3: Sustainability at the Core of Our Business |
| 3-3 Management of material topics | | IAR Section 4: Our Strategy Based On Sustainability Matters | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | IAR Section 2: President & CEO's Message and Management Discussion and Analysis FS: Statement of Financial Position FS: Statement of Comprehensive Income | |

GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION |
|--|---|--|
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | IAR Section 4: Community Development |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | IAR Section 4: Supply Chain Management |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | IAR Section 4: Regulatory Compliance |
| | 205-2 Communication and training about anti-corruption policies and procedures | IAR Section 4: Regulatory Compliance |
| | 205-3 Confirmed incidents of corruption and actions taken | IAR Section 4: Regulatory Compliance |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | IAR Section 4: Environmental Management and Climate Change |
| | 302-3 Energy intensity | IAR Section 4: Environmental Management and Climate Change |
| | 302-4 Reduction of energy consumption | IAR Section 4: Environmental Management and Climate Change |
| GRI 303: Water and Effluents 2018 | 303-4 Water discharge | IAR Section 4: Environmental Management and Climate Change |
| | 303-5 Water consumption | IAR Section 4: Environmental Management and Climate Change |
| GRI 305: Emissions 2016 | 305-2 Energy indirect (Scope 2) GHG emissions | IAR Section 4: Environmental Management and Climate Change |
| | 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions | IAR Section 4: Environmental Management and Climate Change |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | IAR Section 4: Environmental Management and Climate Change |
| | 306-2 Management of significant waste-related impacts | IAR Section 4: Environmental Management and Climate Change |
| | 306-3 Waste generated | IAR Section 4: Environmental Management and Climate Change |
| | 306-4 Waste diverted from disposal | IAR Section 4: Environmental Management and Climate Change |
| | 306-5 Waste directed to disposal | IAR Section 4: Environmental Management and Climate Change |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | IAR Section 4: Supply Chain Management |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | IAR Section 4: Human Rights and Fair Employment Practices |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | IAR Section 4: Occupational Safety and Health |
| | 403-2 Hazard identification, risk assessment and incident investigation | IAR Section 4: Occupational Safety and Health |
| | 403-3 Occupational health services | IAR Section 4: Occupational Safety and Health |
| | 403-4 Worker participation, consultation and communication on occupational health and safety | IAR Section 4: Occupational Safety and Health |
| | 403-5 Worker training on occupational health and safety | IAR Section 4: Occupational Safety and Health |
| | 403-6 Promotion of worker health | IAR Section 4: Occupational Safety and Health |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | IAR Section 4: Occupational Safety and Health |
| | 403-9 Work-related injuries | IAR Section 4: Occupational Safety and Health |
| | 403-10 Work-related ill health | IAR Section 4: Occupational Safety and Health |

GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION |
|---|--|---|
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | IAR Section 4: Human Capital Development |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | IAR Section 4: Human Capital Development |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | IAR Section 4: Human Rights and Fair Employment Practices IAR Section 6: Corporate Governance Overview Statement |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | IAR Section 4: Human Rights and Fair Employment Practices |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | There were no operations and suppliers in which the right to freedom of association and collective bargaining may be at risk. LCT's vendors are required to adhere to the SCOC which expects all vendors to fully comply to the employment and human rights laws and regulations, including aspects such as freedom of association. IAR Section 4: Supply Chain Management |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | There were no operations and suppliers at significant risk for incidents of child labour. LCT's BECOC opposes child labour in their recruitment and staffing policies while the SCOC prohibits child labour in vendors' practices. IAR Section 4: Supply Chain Management and Human Rights and Fair Employment Practices |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | There were no operations and suppliers at significant risk for incidents of forced or compulsory labour. LCT's vendors are required to adhere to the SCOC which expects all vendors to prohibit forced labour within their practices. IAR Section 4: Supply Chain Management |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments and development programs | IAR Section 4: Community Development |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | IAR Section 4: Supply Chain Management |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | IAR Section 4: Regulatory Compliance |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | IAR Section 4: Sustainable Manufacturing and Product Quality |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | IAR Section 4: Sustainable Manufacturing and Product Quality |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | IAR Section 4: Data Security and Protection |

PRESCRIBED TABLE

Date & Time: 2026-04-16_09:37:31
FYE 31/12/2025

Lotte Chemical Titan Holding Berhad
BMLR Transition Period

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---------------------------|--|------------------|---------------|--------|--------------|
| Bursa (Anti-corruption) | Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category- Senior Management | Percentage | 100.00% | | No assurance |
| Bursa (Anti-corruption) | Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category- Middle Management | Percentage | 100.00% | | No assurance |
| Bursa (Anti-corruption) | Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category- Executive | Percentage | 100.00% | | No assurance |
| Bursa (Anti-corruption) | Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category- Technician and below | Percentage | 99.64% | | No assurance |
| Bursa (Anti-corruption) | Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 100.00% | | No assurance |
| Bursa (Anti-corruption) | Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0.00 | | No assurance |
| Bursa (Community/Society) | Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | RM 129,965.00 | | No assurance |
| Bursa (Community/Society) | Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 14,062 | | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Senior Management Below 30 | Percentage | 0.00% | | No assurance |

PRESCRIBED TABLE

Date & Time: 2026-04-16_09:37:31
FYE 31/12/2025

Lotte Chemical Titan Holding Berhad
BMLR Transition Period

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|-----------------------|--|------------------|--------|--------|--------------|
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Senior Management 30-50 | Percentage | 46.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Senior management Above 50 | Percentage | 54.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Middle Management Below 30 | Percentage | 0.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Middle Management 30-50 | Percentage | 81.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Middle Management Above 50 | Percentage | 19.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Executive Below 30 | Percentage | 22.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Executive 30-50 | Percentage | 59.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Executive Above 50 | Percentage | 19.00% | — | No assurance |

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PRESCRIBED TABLE

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FYE 31/12/2025

Lotte Chemical Titan Holding Berhad
BMLR Transition Period

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|-----------------------|---|------------------|--------|--------|--------------|
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Technician and below - Below 30 | Percentage | 16.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Technician and below 30-50 | Percentage | 74.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by age group, for each employee category- Technician and below - Above 50 | Percentage | 10.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Senior Management Male | Percentage | 83.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Senior Management Female | Percentage | 17.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Middle Management Male | Percentage | 59.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Middle Management Female | Percentage | 41.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Executive Male | Percentage | 68.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Executive Female | Percentage | 32.00% | — | No assurance |

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PRESCRIBED TABLE

Date & Time: 2026-04-16_09:37:31
FYE 31/12/2025

Lotte Chemical Titan Holding Berhad
BMLR Transition Period

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---------------------------|--|------------------|---------|--------|--------------|
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Technician and below Male | Percentage | 89.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(a) Percentage of employees by gender, for each employee category- Technician and below Female | Percentage | 11.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(b) Percentage of directors by gender- Male | Percentage | 57.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(b) Percentage of directors by gender- Female | Percentage | 43.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(b) Percentage of directors by age group- Below 30 | Percentage | 0.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(b) Percentage of directors by age group- 30-50 | Percentage | 0.00% | — | No assurance |
| Bursa (Diversity) | Bursa C3(b) Percentage of directors by age group- Above 50 | Percentage | 100.00% | — | No assurance |
| Bursa (Energy management) | Bursa C4(a) Total energy consumption | Megawatt | 559.00 | — | No assurance |
| Bursa (Health and safety) | Bursa C5(a) Number of work-related fatalities | Number | 0 | 0 | No assurance |
| Bursa (Health and safety) | Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 0.41 | 0 | No assurance |
| Bursa (Health and safety) | Bursa C5(c) Number of employees trained on health and safety standards | Number | 759 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(a) Total hours of training by employee category- Senior Management | Hours | 254 | — | No assurance |

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PRESCRIBED TABLE

Date & Time: 2026-04-16_09:37:31
FYE 31/12/2025

Lotte Chemical Titan Holding Berhad
BMLR Transition Period

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|-----------------------------------|--|------------------|--------|--------|--------------|
| Bursa (Health and safety) | Bursa C6(a) Total hours of training by employee category- Middle Management | Hours | 1,416 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(a) Total hours of training by employee category- Executive | Hours | 12,560 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(a) Total hours of training by employee category- Technician and below | Hours | 17,542 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 0.11% | — | No assurance |
| Bursa (Health and safety) | Bursa C6(c) Total number of employee turnover by employee category- Senior Management | Number | 0 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(c) Total number of employee turnover by employee category- Middle Management | Number | 4 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(c) Total number of employee turnover by employee category- Executive | Number | 40 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(c) Total number of employee turnover by employee category- Technician and below | Number | 43 | — | No assurance |
| Bursa (Health and safety) | Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 | — | No assurance |
| Bursa (Supply chain management) | Bursa C7(a) Proportion of spending on local suppliers | Percentage | 83% | — | No assurance |
| Bursa (Data privacy and security) | Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 | — | No assurance |

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PRESCRIBED TABLE

Date & Time: 2026-04-16_09:37:31
FYE 31/12/2025

Lotte Chemical Titan Holding Berhad
BMLR Transition Period

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|-----------------------|--|------------------|---------------|--------|--------------|
| Bursa (Water) | Bursa C9(a) Total volume of water used | Megalitres | 8,606,000,000 | — | No assurance |

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SECTION 5

OUR LEADERSHIP

100 Profile of Board of Directors

107 Profile of Senior Management Team



PROFILE OF BOARD OF DIRECTORS



TAN SRI DATO' ABDUL RAHMAN MAMAT

Independent Non-Executive Chairman

NATIONALITY

Malaysian

GENDER

Male

AGE

74



ATTENDED BOARD MEETINGS:

During the financial year
7/7 (100%)

DATE OF APPOINTMENT

2 June 2011
(8 years and 9 months
as Independent Director
since Date of Listing)⁽¹⁾

MEMBERSHIP OF BOARD COMMITTEES

Nil

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

Listed Entities

- MCE Holdings Berhad
- ECA Integrated Solution Berhad
- Theta Edge Berhad

Public Companies

- Malaysian Industrial Development Finance Berhad
- Malaysian Technology Development Corporation Sdn. Bhd. (subsidiary of Khazanah Nasional Berhad)

QUALIFICATION(S)

- Bachelor of Economics (Honours), Universiti Malaya ("UM")
- Advanced Management Programme, Harvard Business School

EXPERIENCE AND EXPERTISE

An accomplished figure in Malaysia's corporate sector, **Tan Sri Dato' Abdul Rahman Mamat** had an illustrious career serving the Government of Malaysia, distinguished by his extensive knowledge in international trade, economics, investments, corporate governance and entrepreneurship. He was appointed as the Chairman of the Board on 31 March 2017.

He joined the Ministry of International Trade and Industry ("MITI") in April 1975 as an Assistant Director. Over the course of his 35-year tenure at MITI, he held various senior positions before retiring in December 2010. His key roles included serving as Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States ("U.S."); Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission, Malaysian

Trade Office, Bangkok, Thailand; Special Assistant to the then Minister of MITI; Member of the Board of Directors, Malaysian Industry-Government Group for High Technology ("MIGHT"); Director of Industries; Senior Director of Policy and Industry, Services Division; Deputy Secretary General (Industry) of MITI; and Secretary General of MITI.

He was also MITI's appointed representative on the boards of various government-linked entities including the Malaysian Investment Development Authority ("MIDA"), Johor Corporation, Regional Economic Development Authority ("RECODA") Sarawak, SME Corporation Malaysia, Pahang State Economic Development Corporation, Malaysian Technology Development Corporation and Malaysia External Trade Development Corporation ("MATRADE").

He represented Malaysia at many international meetings, negotiations, conferences and symposiums, contributing to the formulation, implementation and monitoring of policies and strategies relating to international trade, industry development and entrepreneurship.

In addition, he was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High-Level Task Force on ASEAN Economic Integration and a member of PEMUDAH (Special Taskforce To Facilitate Business).

He also sits on the boards of several private limited companies in Malaysia, involved in finance, manufacturing, retail and services sectors, covering global logistics, healthcare, as well as oil, gas and energy.

PROFILE OF BOARD OF DIRECTORS



JANG SEON PYO

President & Chief Executive Officer,
Non-Independent Executive Director

NATIONALITY

Republic of Korea

GENDER

Male

AGE

56



ATTENDED BOARD MEETINGS:

During the financial year
7/7 (100%)

DATE OF APPOINTMENT

1 December 2024

MEMBERSHIP OF BOARD COMMITTEES

- Risk Management Committee

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

- Nil

QUALIFICATION(S)

- Degree in Accounting, Dongguk University, Republic of Korea
- Masters in Business Administration (MBA), Korea University

EXPERIENCE AND EXPERTISE

Mr Jang Seon Pyo was appointed President & Chief Executive Officer of LCT on 1 December 2024. He brings over 21 years of leadership experience in the petrochemical industry, with expertise spanning business development, corporate strategy, financial management and risk mitigation, with a strong emphasis on sustainability and innovation.

Mr Jang joined LOTTE Chemical Corporation ("LCC") in 2012 as a member of the Aromatics Planning Team. Over the years, he rose through the ranks, successfully leading both operational and strategic initiatives that contributed to growth and operational excellence within the petrochemical sector.

In 2014, Mr Jang joined the Monomer Planning Team before transitioning to the Finance Team later that year. In 2016, he was appointed the Leader of the Finance Team and later in 2017, he assumed the role of Leader of the General Accounting Team. In 2019, he was promoted to Vice President and Head of Procurement.

Prior to his current position, Mr Jang was the President Director of PT LOTTE Chemical Titan Tbk, a public listed company on the Indonesia Stock Exchange, as well as President Director of PT LOTTE Chemical Titan Nusantara.

Mr Jang is an appointed representative of LCC, the major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS



ANG AH LECK

Independent Non-Executive Director

NATIONALITY

Malaysian

GENDER

Male

AGE

70



ATTENDED BOARD MEETINGS:

During the financial year
7/7 (100%)

DATE OF APPOINTMENT

31 March 2017⁽¹⁾

MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee (Chairman)
- Nomination and Remuneration Committee
- Risk Management Committee

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

Listed Entities

- Pavilion REIT Management Sdn. Bhd., the Manager of Pavilion Real Estate Investment Trust

Public Companies

- Nil

QUALIFICATION(S)

- Chartered Accountant, Malaysia
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Chartered Tax Institute of Malaysia

EXPERIENCE AND EXPERTISE

Mr Ang Ah Leck is a qualified chartered accountant by profession, with over four (4) decades of expertise in audit, finance, corporate advisory, risk management, regulatory compliance and governance.

He began his career in 1978 as an auditor with Peat Marwick Mitchell & Co. (now known as KPMG PLT, Malaysia). From 1987 to 1989, he was seconded to the KPMG office in Houston, Texas, U.S., where he gained valuable exposure auditing several of the country's largest oil and gas companies.

In 1997, he was appointed audit partner at KPMG PLT, where he served as the partner-in-charge of the Firm's Johor Bahru office until his retirement in 2011.

During his tenure at KPMG PLT, Mr Ang accumulated extensive experience in coordinating and managing complex assurance engagements across the oil and gas, plantation, manufacturing, trading, construction and property development industries. He also led numerous due diligence exercises for Initial Public Offerings ("IPOs"), corporate bonds and rights issues.

Mr Ang opted out of retirement in August 2014 by joining BDO as its Executive Director, Advisory, where he served as Engagement Director for Internal Audit, Enterprise Risk Management, Corporate Governance, forensic accounting and litigation support services. He retired from BDO in November 2024.

Mr Ang was appointed as an Independent Non-Executive Director of Pavilion REIT Management Sdn. Bhd., the Manager of Pavilion Real Estate Investment Trust, which was listed on the Main Market of Bursa Malaysia Securities Berhad on 2 December 2024.

PROFILE OF BOARD OF DIRECTORS



TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Independent Non-Executive Director

NATIONALITY

Malaysian

GENDER

Female

AGE

79



ATTENDED BOARD MEETINGS:

During the financial year
7/7 (100%)

DATE OF APPOINTMENT

31 March 2017⁽¹⁾

MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee
- Nomination and Remuneration Committee (Chairperson)
- Risk Management Committee

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

Listed Entities

- Cyberjaya Education Group Berhad

Public Companies

- Nil

QUALIFICATION(S)

- Bachelor of Laws, Queen's University Belfast, Northern Ireland, United Kingdom
- Master of Laws, Queen's University Belfast, Northern Ireland, United Kingdom
- Honorary Doctor of Laws, Queen's University Belfast, Northern Ireland, United Kingdom
- Certificate of Legal Practice ("CLP")
- Honorary Doctor of Laws, Universiti Malaya

EXPERIENCE AND EXPERTISE

Tan Sri Datuk (Dr.) Rafiah binti Salim is a distinguished figure in the Malaysian financial regulatory sector, with significant local and international experience in legal affairs, human capital, risk and internal controls, governance and corporate finance.

A qualified lawyer, she began her career in 1974 as an Associate Professor at the Faculty of Law, University Malaya ("UM"), where she lectured on Contract Law, Company and Commercial Law, Evidence and Family Law.

Tan Sri Datuk (Dr.) Rafiah obtained her CLP in 1980 and was admitted as an Advocate and Solicitor of the High Court of Malaya in the same year. In 1988, she entered the corporate arena, moving from her position as Dean of the Law Faculty, UM, to join Malayan Banking Berhad as Head of the Legal Department where she was subsequently promoted to General Manager of the Human Resource Department in 1991. Between 1995 and 1997, she was Assistant Governor at Bank Negara Malaysia for the Security, Legal, and Property and Service Departments.

She gained substantial international experience when she joined the United Nations in New York as Assistant Secretary General for the office of Human Resource Management from 1997 to 2002. Between 2003 and 2005, she was Executive Director of the International Centre for Leadership in Finance ("Iclif"). In 2003, she was appointed as Vice-Chancellor/President of UM until 2006. Currently, she is a Pro-Chancellor of Universiti Kebangsaan Malaysia.

PROFILE OF BOARD OF DIRECTORS



TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

Independent Non-Executive Director

- ▶ **NATIONALITY**
Malaysian
- ▶ **GENDER**
Female
- ▶ **AGE**
73

ATTENDED BOARD MEETINGS:
During the financial year
7/7 (100%)

DATE OF APPOINTMENT
1 February 2019

- MEMBERSHIP OF BOARD COMMITTEES**
- Audit Committee
 - Risk Management Committee (Chairperson)

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

- Nil

QUALIFICATION(S)

- Bachelor of Economics, Universiti Malaya
- Master of Business Administration, Henley Business School, University of Reading, United Kingdom
- Honorary Doctor of Letters, University of Reading, United Kingdom
- Honorary Doctor of Philosophy (Corporate Management), Universiti Utara Malaysia ("UUM")

EXPERIENCE AND EXPERTISE

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir is a distinguished corporate figure and a respected leader in Malaysia's healthcare and education sectors, with extensive experience in leadership, strategy and business transformation.

She began her career with Johor Corporation ("JCorp") in 1974 and joined JCorp's Healthcare Division in 1978. She was the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. from 1989 until the company's listing on the Main Board of Bursa Malaysia in 1994 as KPJ Healthcare Berhad ("KPJ").

At KPJ, she served as Managing Director from 1993 until her retirement in 2012, and later served as the company's Corporate Advisor from 2013 to 2014. In her years at KPJ, Tan Sri Datin Paduka Siti Sa'diah led the transformational strategies that has established KPJ as one of the leading private healthcare service providers in Malaysia today. She was also an Independent Director of KPJ from 2015 until 2020.

She held several leadership roles at KPJ Healthcare University College ("KPJUC"), including Chairman (2011–2016), Pro-Chancellor (2011–2018) and Chancellor (2019–2022).

Her governance contributions extend across various public and private sector organisations. She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board Member of MATRADE from 1999 to 2012. She also served on the boards of several public listed companies under the Johor Corporation Group, including Al-Aqar Healthcare REIT, Kulim (M) Berhad, KFC Holdings Malaysia Bhd and QSR Brands (M) Holdings Bhd from 2006 to 2016. She was Chairman of Nationwide Express Holdings Berhad from 2016 to 2019, a Director of OSK Holdings Berhad from 2016 to 2021, Chairperson of Duopharma Biotech Berhad from 2017 to 2024 and Chairperson of Awqaf Holdings Berhad from 1 November 2017 to 1 February 2025.

In 2010, Tan Sri Datin Paduka Siti Sa'diah was conferred the "Malaysia's CEO of the Year 2009 Award", presented jointly by the New Straits Times Press and American Express. Between 2011 and 2015, she received numerous awards and accolades for her contributions to Malaysia's healthcare sector. In 2013, she published her biography, "Siti Sa'diah: Driven by Vision, Mission and Passion".

A passionate advocate for talent development in Malaysia, she served as a Director of Universiti Utara Malaysia ("UUM") and was Chairman of the Board of UUM from 2016 to 2018. She was a member of the Leadership Development Committee at the Razak School of Government from 2013 to 2018. She also served as Pro-Chancellor of Universiti Teknologi Malaysia ("UTM") from 2016 to 2021 and was a member of the Azman Hashim Business School UTM from 2019 to 2022. From 2021 to 2024, she served on the Strategy Board of Henley Business School, University of Reading, London.

Dedicated to advancing the quality of Malaysian healthcare, she was the President of the Malaysian Society for Quality in Health ("MSQH"), a national accreditation body for healthcare services, from its inception in 1997 until her retirement in December 2018. She also sits on other national-level councils and committees.

PROFILE OF BOARD OF DIRECTORS



YU SEUNG YONG

Non-Independent Executive Director

- ▶ **NATIONALITY**
Republic of Korea
- ▶ **GENDER**
Male
- ▶ **AGE**
55

ATTENDED BOARD MEETINGS:
During the financial year
6/7 (86%)

DATE OF APPOINTMENT
1 December 2024

MEMBERSHIP OF BOARD COMMITTEES
Nil

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

- Nil

QUALIFICATION(S)

- Degree in Chemical Engineering, University of Seoul, Republic of Korea

EXPERIENCE AND EXPERTISE

Mr Yu Seung Yong joined the Company on 1 December 2024 as Executive Vice President, Manufacturing. He is responsible for overseeing and managing all production units, maintenance, technical processes, safety, quality, task force activities and innovation.

Mr Yu has over 28 years of experience in production operations and project management within the petrochemical industry. He joined LCC in 1998 and has since built a strong foundation in technical operations. In recent years, Mr Yu has held senior leadership roles, including serving as the Head of Production Division 2 at the Yeosu Plant and Head of Production Department at the Daesan Plant, demonstrating both operational depth and strategic capability.

Mr Yu is an appointed representative of LCC, the major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS



PARK JAE SUN
Non-Independent Non-Executive Director

NATIONALITY
Republic of Korea

GENDER
Female

AGE
52

ATTENDED BOARD MEETINGS:
During the financial year
5/7 (71%)

DATE OF APPOINTMENT
5 July 2019

MEMBERSHIP OF BOARD COMMITTEES

- Nomination and Remuneration Committee

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

- Nil

QUALIFICATION(S)

- LLB, Yonsei University, Republic of Korea
- LLM in International Commercial Law, Law School at Queen Mary University of London
- LLM in Business Law, Law School of the University of California, Los Angeles ("UCLA"), U.S.
- Qualified and licensed lawyer in New York State, U.S.
- Qualified and licensed lawyer in the Republic of Korea

EXPERIENCE AND EXPERTISE

Ms Park Jae Sun joined LCC as Legal Counsel in 2012 and assumed her role as General Counsel of the Legal Affairs team in 2015. She currently serves as Vice President of the Legal Department.

Ms Park's portfolio includes providing compliance and legal advice on corporate transactions, mergers and acquisitions, litigation and arbitration. Prior to joining LCC, she served as in-house Legal Counsel for AIG Korea, a U.S.-based global financial services company, from 2009 to 2010. Between 2004 and 2007, she gained legal experience in media law and alternative dispute resolution at the Press Arbitration Commission in South Korea.

Ms Park is an appointed representative of LCC, the major shareholder of the Company.

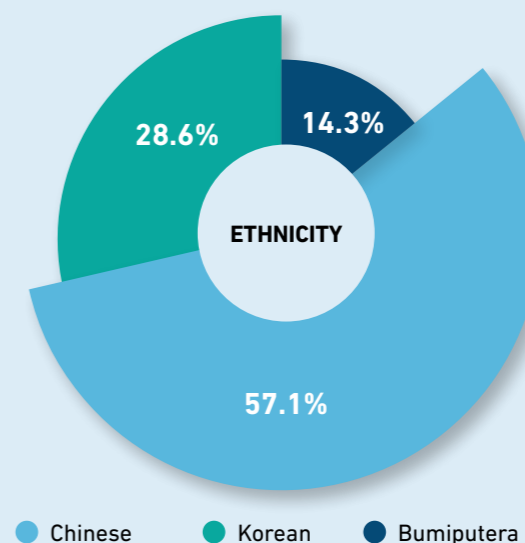
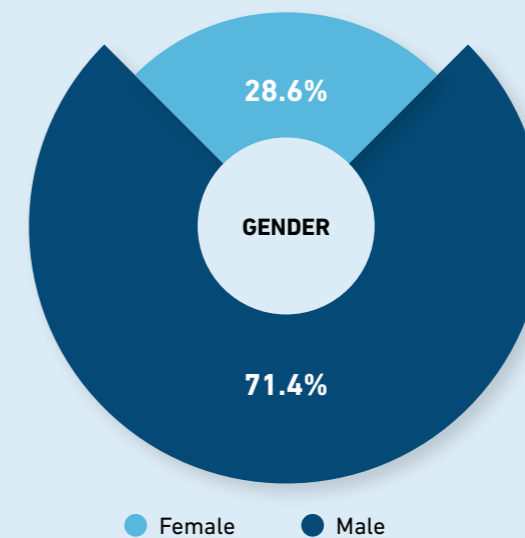
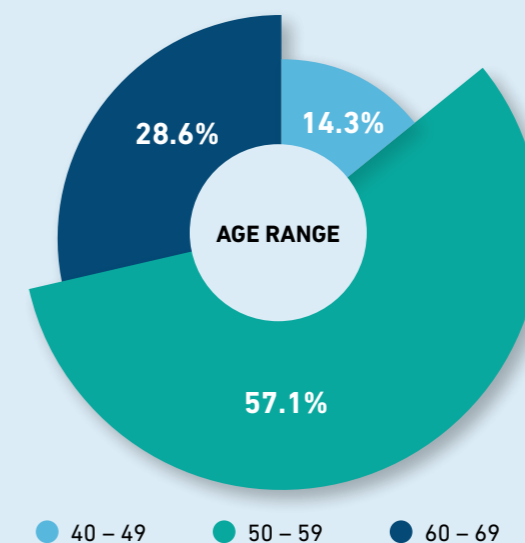
All Members of the Board of Directors

- Have no family relationship with any director or major shareholder of the Company
- Have no conflict of interest with the Company or its subsidiaries
- Have not been convicted of offences in the past five (5) years
- Do not have any public sanction or penalty imposed by any regulatory body during the financial year
- Details of Directors' attendance at Board meetings during the financial year are contained on page 121

⁽¹⁾ Tenure as Independent Non-Executive Director commences from 11 July 2017 (Date of Listing) for Tan Sri Dato' Abdul Rahman Mamat, Mr Ang Ah Leck and Tan Sri Datuk (Dr.) Rafiah binti Salim.

PROFILE OF SENIOR MANAGEMENT TEAM

SENIOR MANAGEMENT TEAM'S COMPOSITION



PROFILE OF SENIOR MANAGEMENT TEAM



JANG SEON PYO
President & Chief Executive Officer,
Non-Independent Executive Director



YU SEUNG YONG
Executive Vice President,
Manufacturing, Non-Independent Executive Director

| | | |
|---|---|---|
| NATIONALITY | Republic of Korea | Republic of Korea |
| GENDER | Male | Male |
| AGE | 56 | 55 |
| DATE OF APPOINTMENT | 1 December 2024 | 1 December 2024 |
| QUALIFICATIONS & PROFESSIONAL EXPERIENCE | For Mr Jang Seon Pyo's profile, please refer to page 101 of this Integrated Annual Report. | For Mr Yu Seung Yong's profile, please refer to page 105 of this Integrated Annual Report. |

PROFILE OF SENIOR MANAGEMENT TEAM



PHILIP KONG CHOCK HOON
Executive Vice President,
Corporate Planning



JEAN CHING GUEY JING
Vice President,
Finance and Accounting (CFO)

| | | |
|--------------------------------|--|---|
| NATIONALITY | Malaysian | Malaysian |
| GENDER | Male | Female |
| AGE | 66 | 47 |
| DATE OF APPOINTMENT | 1 February 2018 | 1 May 2022 |
| QUALIFICATIONS | <ul style="list-style-type: none"> Bachelor of Law (Hons), Middlesex University, London, United Kingdom Barrister-at-Law, Lincoln's Inn Malaysian Association of Company Secretaries | <ul style="list-style-type: none"> Bachelor of Commerce in Accounting and Finance, Monash University, Melbourne, Australia Member, Malaysian Institute of Accountants Member, CPA Australia |
| PROFESSIONAL EXPERIENCE | <p>Mr Philip Kong has been the Executive Vice President of Corporate Planning since 1 February 2018. He is responsible for corporate planning, communications, sustainability and legal and compliance.</p> <p>He has over 41 years of working experience, including stints at reputable companies such as Shearn Delamore & Co., Shell Group of Companies in Malaysia and Thames Water, Asia Pacific, Singapore.</p> | <p>Ms Jean Ching has been the Chief Financial Officer since 1 May 2022. She is responsible for accounting and finance matters of LCT.</p> <p>She has over 25 years of working experience in audit and accounting functions. Prior to joining LCT, Ms Jean Ching obtained experience in the field of audit, tax and accounting while working at established companies such as Deloitte.</p> |

PROFILE OF SENIOR MANAGEMENT TEAM



OTHMAN BIN MD SALLEH
Vice President,
Safety and Security, Environment and Plant
Government Affairs



LIM ENG LEE
Vice President,
Sales

| | | |
|--------------------------------|---|---|
| NATIONALITY | Malaysian | Malaysian |
| GENDER | Male | Male |
| AGE | 60 | 59 |
| DATE OF APPOINTMENT | 19 May 2025 | 19 May 2025 |
| QUALIFICATIONS | <ul style="list-style-type: none"> Bachelor of Science (Chemical Engineering), University of Tulsa, Oklahoma, U.S. | <ul style="list-style-type: none"> Bachelor of Polymer Technology, Universiti Sains Malaysia Master of Business Administration (MBA), University of Manchester |
| PROFESSIONAL EXPERIENCE | <p>En Othman Md Salleh has been the Vice President for Safety and Security, Environment and Plant Government Affairs since May 2025 and is responsible for the functions of Safety and Security, Environment and Plant Government Affairs. He is also Chairman of the Joint Consultative Committee ("JCC") and Co-Chairman of the CSR Organisation for LCT.</p> <p>He has more than 34 years of combined working experience with LCT in the Manufacturing Department covering Production Polymers (PP and PE1), Technical team and Safety, Health and Environment team. En Othman Md Salleh was previously the Vice President for Procurement, Admin, IT and Plant Government Affairs from November 2022 until May 2025.</p> <p>Prior to LCT, he was a Plant and Project Engineer at Pan Century Edible Oils, Pasir Gudang, Johor for two (2) years.</p> | <p>Mr Lim Eng Lee has been the Vice President, Sales since 19 May 2025. He is responsible for the sales and marketing of polyolefins, olefins and derivatives.</p> <p>Mr Lim joined the Company in 1994 and has over 31 years of sales and marketing experience in the Company, covering both domestic and export markets. He also oversees marketing strategy and planning, product development, technical services to customers and shipping logistics. He assumed the position of Vice President, Polymer Business in 2024.</p> |

PROFILE OF SENIOR MANAGEMENT TEAM



TIEW SWEE LING
Director,
Human Resources and Admin

| | |
|--------------------------------|--|
| NATIONALITY | Malaysian |
| GENDER | Female |
| AGE | 58 |
| DATE OF APPOINTMENT | 26 October 2023 |
| QUALIFICATIONS | <ul style="list-style-type: none"> Bachelor of Science, Universiti Malaya |
| PROFESSIONAL EXPERIENCE | <p>Ms Tiew Swee Ling is the Director of Human Resources ("HR") and Admin. She was appointed to lead HR Department on 26 October 2023 and appointed to include administration function under her leadership on 19 May 2025. She is responsible for all human resource services and administration functions. She has more than 32 years of combined working experience with LCT covering quality management and process. Ms Tiew expanded her career into HR in 2011 under the mentorship of LCC's senior HR leaders and assumed the position as Head of HR in 2023.</p> |

All Members of the Senior Management Team

- Have no family relationship with any director or major shareholder of the Company
- Have no conflict of interest with the Company or its subsidiaries
- Do not hold directorships in public and listed companies
- Have not been convicted of offences within the past five (5) years
- Do not have any public sanction or penalty imposed by any regulatory body during the financial year

SECTION 6


OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

- 114 Corporate Governance Overview Statement
- 134 Audit Committee Report
- 137 Statement on Risk Management and Internal Control
- 144 Additional Compliance Information
- 148 Directors' Responsibility Statement for the Audited Financial Statements




CORPORATE GOVERNANCE OVERVIEW STATEMENT


We are dedicated to preserving and enhancing stakeholder value, ensuring accountability to our stakeholders and promoting ethical corporate governance practices.



VISION
We Lead Every Step for a Greener and Better Tomorrow.



MISSION
We enrich people's lives by providing superior products and services that our customers love and trust.




STRATEGY

Stable and Safe Plant Operations

Business Sustainability


Environmental, Social and Governance ("ESG")





ETHICAL LEADERSHIP


The Board of Directors ("Board") is committed to maintaining a strong ethical environment in all stakeholder engagements. This commitment is supported by established policies and procedures that reflect the Group's ethical values and approach to business conduct.

ETHICAL LEADERSHIP ADOPTED BY LCT AND PRINCIPAL OPERATING SUBSIDIARIES

- 

Whistleblowing Policy
The policy encourages reporting of suspected unethical, illegal, fraudulent or undesirable conduct, ensuring that anyone who makes a report can do so safely, securely and with confidence that they will be protected and supported.
- 

Business Ethics & Code of Conduct ("BECOC")
The BECOC sets out the standards of behaviour which are expected of its directors and employees in their interactions with customers, suppliers, the community, shareholders and each other.
- 

Anti-Bribery & Anti-Corruption ("ABAC") Manual
Any form of bribery and corruption activities are strictly prohibited. The Board is committed to a zero-tolerance policy on corruption and demands compliance with all relevant laws.
- 

Conflict of Interest
Directors and employees avoid any conflict of interest ("COI") situations which may, directly or indirectly, in the course of discharging their duties or outside of work, have the potential to interfere with their objectivity in performing duties or exercising judgement on behalf of the Group.

These policies and documents can be found at <https://www.lottechem.my/company/gov.asp>

Relevant policies and guidelines are also adopted by the principal operating subsidiaries, such as the BECOC (including COI), the ABAC Manual and the Whistleblowing Policy.

OUR APPROACH TO GOVERNANCE AND GUIDING PRINCIPLES

We have consistently upheld our commitment to strong governance practices. Our Board firmly believes that practising sound corporate governance principles not only reinforces accountability but also fosters sustainable growth. By prioritising governance, we aim to enhance long-term value for our shareholders and stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our corporate governance practices are guided by the following three (3) broad principles set out in the Malaysian Code on Corporate Governance ("MCCG"):

| Principle A | Principle B | Principle C |
|------------------------------------|-------------------------------------|--|
| Board Leadership and Effectiveness | Effective Audit and Risk Management | Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders |

Compliance with MCCG

This Statement, together with the Board Committee Reports which describes how the Company and Group have complied with the relevant provisions of the MCCG and applied its main principles during the year, was approved by the Board on 13 April 2026.

This Statement is to be read in conjunction with the Corporate Governance Report ("CG Report"), which is available on the Company's website at <https://www.lottechem.my/investor/aggm.asp>.

Best Practices Introduced Under the MCCG

Our Board is pleased to inform that save for the below, we have fully complied with all the MCCG practices for the year:

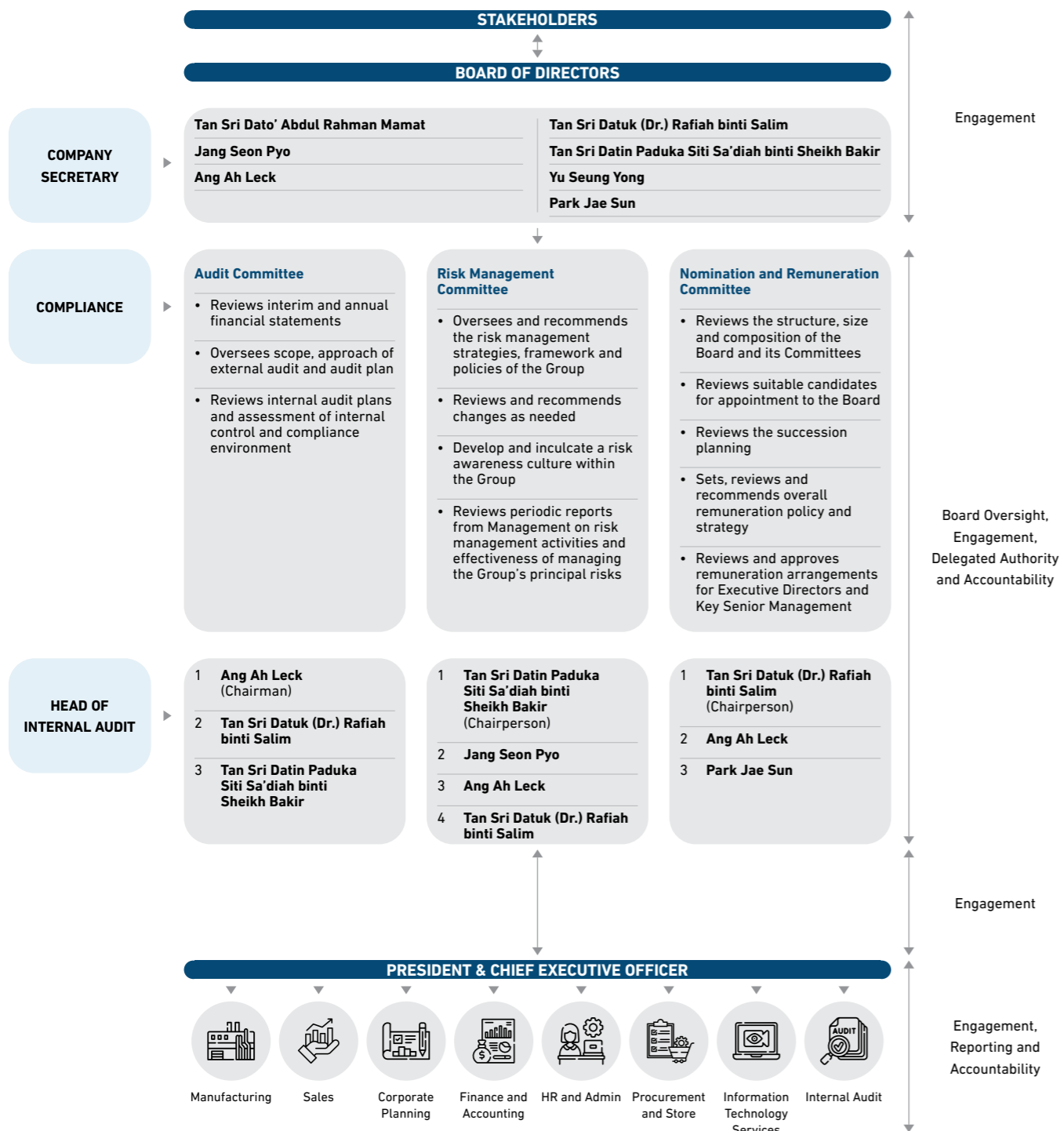
| MCCG | Alternative Practices Adopted |
|---------------|---|
| Practice 8.2 | The Board discloses on a named basis the top five (5) Senior Management's remuneration in bands of RM50,000. An indication of the salary bands paid to Key Senior Management is contained in the Integrated Annual Report. |
| Practice 13.3 | Listed companies should leverage technology to facilitate– <ul style="list-style-type: none"> • voting including voting in absentia; and • remote shareholders' participation at general meetings. Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats. Effective 1 March 2025, a joint directive from Bursa Malaysia and the Securities Commission Malaysia requires listed entities to hold general meetings in either hybrid or fully physical formats, and in compliance, the Company held its 2025 Annual General Meeting physically on 5 May 2025 at Renaissance Johor Bahru Hotel. The Board ensured effective shareholder participation and informed decision-making by providing comprehensive notice of annual general meeting and explanatory notes, enabling proxy voting, and allocating sufficient time for shareholder engagement and queries during the meeting. |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE FRAMEWORK

The Company's governance framework is fundamental to its operations. Our framework, outlining the Board Oversight, Engagement, Delegated Authority and Accountability, is illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle A

BOARD LEADERSHIP AND EFFECTIVENESS

Role of the Board

The Board provides collective leadership to the Group, driving its long-term success and ensuring sustainable value creation for stakeholders. It establishes the Company's core values and standards in alignment with our strategic objectives and desired corporate culture, while providing effective oversight of operations and managing key risks across the Group. The Board also sets the tone from the top, promoting sound governance and ethical business practices throughout the organisation.

Role of Board Committees

The Board has appointed the following Board Committees from amongst its members to ensure good governance in the decision-making process:

- Audit Committee ("AC");
- Nomination and Remuneration Committee ("NRC"); and
- Risk Management Committee ("RMC").

The Chairman of the Board Committees report to the Board on the deliberations and outcomes of the Committee meetings.

Each Committee operates in accordance with its own Terms of Reference ("TOR"), which may be reviewed and amended by the Board from time to time. Independent and Non-Executive Directors play a leading role within these Committees, while the Board as a whole maintains collective oversight of their activities.

Matters Reserved for the Board

The Board has a charter that outlines its responsibilities, including powers that are expressly reserved for the Board, encompassing:

| BOARD STRUCTURE | BOARD REMUNERATION |
|--|--|
| <ul style="list-style-type: none"> • Appointment and changes in Directors • Appointment and removal of Company Secretary(ies) • Establishment of Board Committees, their members and the specific TOR | <ul style="list-style-type: none"> • Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders • Approval of remuneration packages, including service contracts for Executive Directors |
| FINANCIAL | ETHICS |
| <ul style="list-style-type: none"> • Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad) • Approval of Directors' Report and Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report • Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval | <ul style="list-style-type: none"> • Establishment and implementation of ethical policies, procedures and practices to build a strong corporate governance culture • Provide assurance to stakeholders of the Company's compliance with applicable laws and regulatory requirements on anti-corruption • Review of ABAC framework which includes clear policies and objectives that adequately address corruption risk together with a standalone Whistleblowing Policy |

COMPANY'S OPERATION

- Review and approval of the Company's strategic plan and annual budget (including capital expenditure budget)
- Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority
- Approval of investment or divestment in a company, business, property or undertaking
- Approval of investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities
- Approval of major changes in the activities of the Company
- Approval of treasury policies and bank mandates of the Company
- Approval of limits of authority for the Company and the Group

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Division of Roles and Responsibilities of the Chairman and President & CEO

Chairman

Independent Non-Executive Director
TAN SRI DATO' ABDUL RAHMAN MAMAT

- Providing leadership to the Board
- Leading Board meetings and discussions and encouraging active participation from all members
- Managing the interface between the Board and Management
- Ensuring effective communication with stakeholders
- Leading the Board in establishing and upholding good corporate governance practices across the Group

President & CEO

JANG SEON PYO

- Ensuring a sound management structure is in place to support organisational effectiveness
- Leads the day-to-day operations of the Group
- Implementation of strategic decisions of the Board
- Implementation of the Group's policies

To fulfil his duties and responsibilities, our President & CEO is supported by Key Management staff in managing the day-to-day business of the Company, with whom he consults regularly.

Independent Directors and Non-Independent Non-Executive Directors

Our Independent Directors provide an impartial and objective perspective in the decision-making process, ensuring that the interests of all stakeholders are appropriately considered and protected. The Non-Independent Non-Executive Director oversees the conduct of the Company's business and ensures the business is properly managed.

BOARD DYNAMICS

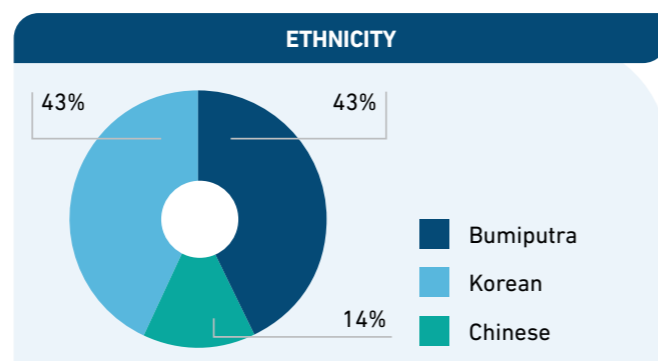
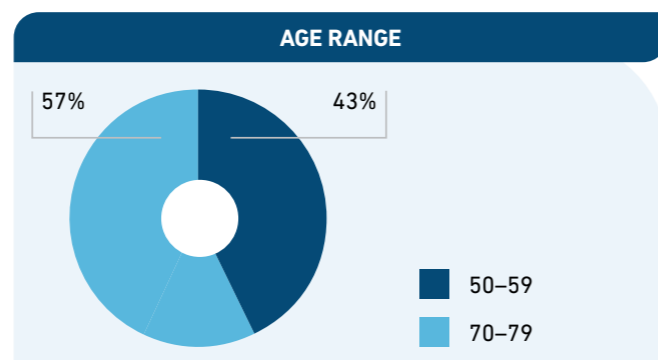
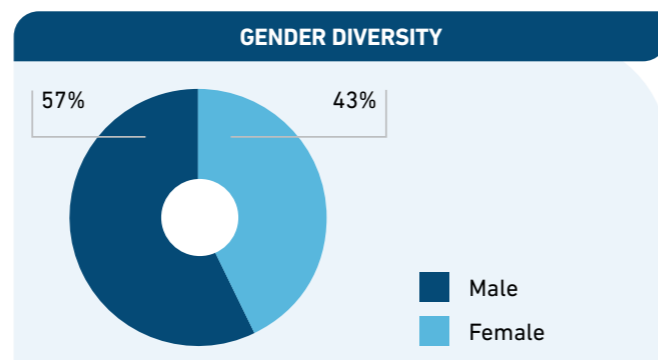
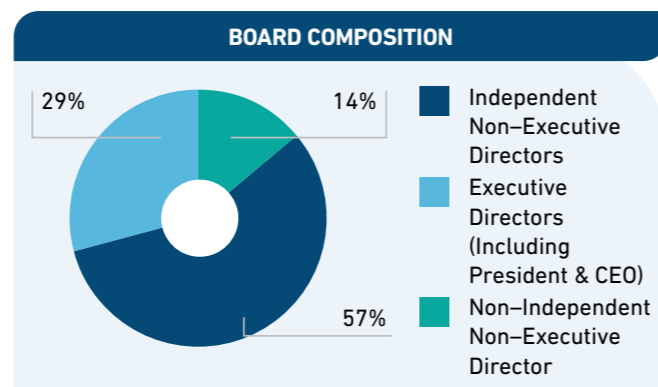
Size and Composition of the Board

Our Board comprises experienced professionals from diverse fields and backgrounds. The breadth of perspectives, coupled with deep industry expertise, enhances the Board's ability to provide effective oversight and guidance for the Group's business.

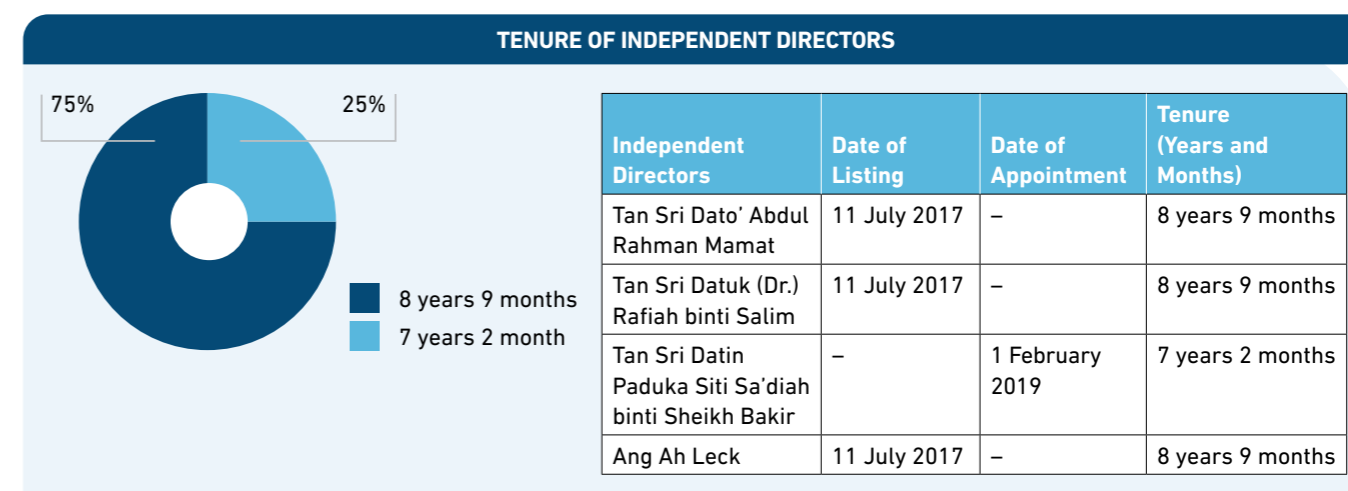
Boardroom Diversity Policy

The Boardroom Diversity Policy outlines the Board's approach to diversity. The Board candidate selection process considers a range of perspectives, including professional and business experience, skills, knowledge, gender, ethnicity and educational background. Appointments are ultimately made based on merit and the value each candidate is expected to contribute to the Board.

Our Board diversity is represented as below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT



Skills and Experience

| | Tan Sri Dato' Abdul Rahman Mamat | Jang Seon Pyo | Ang Ah Leck | Tan Sri Datuk (Dr.) Rafiah binti Salim | Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | Yu Seung Yong | Park Jae Sun |
|--|----------------------------------|---------------|-------------|--|--|---------------|--------------|
| Public Service | ✓ | ✓ | | | | | |
| Accounting/ Finance/ Corporate Finance | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Audit | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Corporate Restructuring | ✓ | | | ✓ | ✓ | ✓ | ✓ |
| Strategy Formulation | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Petrochemical Engineering | | | | | | ✓ | |
| Plant Operations | | | | | | ✓ | |
| Legal/Regulatory | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Environmental, Social and Governance | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Human Resource | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Sales | | ✓ | ✓ | | ✓ | | |
| Corporate Governance | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Internal Control/ Risk Management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors contribute valuable industry knowledge, international experience, diverse perspectives and specialised expertise across strategic, operational and financial areas, all of which are essential for executing our strategy and achieving sustainable long-term success. Their collective insights enhance our decision-making and strengthen our ability to adapt to evolving market demands and emerging opportunities.

Time Commitment

To ensure the Directors are able to devote adequate time to their roles and responsibilities, all members of the Board currently hold not more than five (5) directorships in listed companies, in line with the maximum limit prescribed under Paragraph 15.06 of the MAIN Market Listing Requirements (“MMLR”).

DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

1 One (1) Director holding three (3) Listed Directorships in other listed entities

2 Two (2) Directors holding one (1) Listed Directorship in other listed entities

Independence

Our Independent Directors are Tan Sri Dato’ Abdul Rahman Mamat, Mr Ang Ah Leck, Tan Sri Datuk (Dr.) Rafiah binti Salim and Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir. Their profiles are presented on pages 100 to 104 of the Integrated Annual Report. The Board remains firmly committed to upholding high standards of corporate governance, with Independent Directors forming the majority of its composition in line with Practice 5.2. In addition, the Company has adopted a policy limiting the tenure of Independent Non-Executive Directors to nine (9) years, with no extensions, consistent with Step Up 5.4 of the MCGG.

Board and Board Committee Attendance for FY2025

Board meetings are held at least quarterly, with additional meetings convened as and when necessary. Board papers are prepared with sufficient detail and clarity to enable informed decision-making. All Board and Board Committee papers are circulated to the Directors and Committee members at least five (5) business days prior to each meeting, except under exceptional circumstances.

Management and, where appropriate, external consultants are invited to present on relevant matters and address queries from the Board. Management also provides regular updates to ensure that the Board remains well-informed of key developments affecting the Group’s operations. Directors may request additional information whenever deemed necessary, and open communication between individual Directors, the President & CEO and Management is actively encouraged.

Deliberations of the Board and its Committees are documented in a timely manner, capturing key points of discussion and decisions made. Directors are fully aware of their responsibility to declare any actual or potential conflicts of interest on matters tabled for deliberation, and any such declarations are duly recorded, with the affected Directors abstaining from participation or voting as required.

Minutes of all Board and Board Committee meetings are documented and presented at subsequent meetings for confirmation to ensure accuracy and completeness. Additionally, follow-up items arising from previous meetings are also tracked and reported to ensure that agreed actions are effectively implemented. The use of circular resolutions is limited to administrative matters or follow-up actions on items previously deliberated at meetings, with sufficient information circulated to assist in decision-making.

The Board is provided in advance with a tentative annual calendar, typically tabled at the second quarterly Board meeting each financial year to facilitate the scheduling of Board or Board Committees meetings for the forthcoming financial year.

The Board and Board Committees meetings held during FY2025 are as detailed below. To strengthen their independent oversight role, the Independent Directors held their annual meeting on 3 November 2025, focusing on strategic, governance and operational issues of LCT.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The details of attendance at meetings of the Board and Board Committees during the year under review are set out below:

| | Board of Directors | Audit Committee | Nomination and Remuneration Committee | Risk Management Committee |
|---|--------------------------|-----------------|---------------------------------------|---------------------------|
| | Total number of meetings | | | |
| Tan Sri Dato’ Abdul Rahman Mamat | 7/7 (100%) | – | – | – |
| Jang Seon Pyo | 7/7 (100%) | – | – | 4/4 (100%) |
| Ang Ah Leck | 7/7 (100%) | 6/6 (100%) | 1/1 (100%) | 4/4 (100%) |
| Tan Sri Datuk (Dr.) Rafiah binti Salim | 7/7 (100%) | 6/6 (100%) | 1/1 (100%) | 4/4 (100%) |
| Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir | 7/7 (100%) | 6/6 (100%) | – | 4/4 (100%) |
| Yu Seung Yong | 6/7 (86%) | – | – | – |
| Park Jae Sun | 5/7 (71%) | – | 1/1 (100%) | – |

Professional Development and Continuous Education for Directors

All newly appointed Directors participate in an induction programme that provides essential information relevant to their roles, including briefings on the Company’s business, strategy, financial performance, operations and risk management practices, as well as familiarisation visits to key sites and introductions to Senior Management.

The Board is also updated on material developments in laws, regulations and governance requirements to ensure continued compliance and effective stewardship.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, Directors underwent professional development and upskilling programmes in the following areas for financial year ended 31 December 2025:

| Directors | Training/Seminar | Attended Date |
|---|--|------------------------|
| Tan Sri Dato' Abdul Rahman Mamat | 1. E-Invoice Session with Messrs Ernst & Young by Malaysia Building Society Berhad ("MBSB") | 8 January 2025 |
| | 2. Tabung Haji Group Summit 2025 – Empowering Growth with AI: A Vision for the Future of My Company by Lembaga Tabung Haji | 17 February 2025 |
| | 3. The Future of Technology and Innovation: Why Intellectual Property Matters in Information Communications Technology ("ICT") and Artificial Intelligence ("AI") Seminar by Adastra Intellectual Property | 9 April 2025 |
| | 4. Governance of Generative AI by Asia School of Business | 15 April 2025 |
| | 5. Engagement Session with Financial Institutions Directors' Education Forum ("FIDE FORUM") Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024 by FIDE FORUM | 21 April 2025 |
| | 6. Masterclass Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities by FIDE FORUM | 6 May 2025 |
| | 7. Cardiopulmonary Resuscitation ("CPR")/Automated External Defibrillator ("AED") Training for Board by MBSB | 20 May 2025 |
| | 8. E-Invoice session with Messrs Ernst & Young (2 nd session) by MBSB | 3 June 2025 |
| | 9. The influence of Board Culture on Corporate Performance by FIDE FORUM | 5 June 2025 |
| | 10. International Energy Week Summit 2025 – From Sarawak to the World: Journey to Clean Energy Leadership | 15 and 16 July 2025 |
| | 11. Exclusive Invitation: International Institute for Management Development ("IMD") Malaysia Masterclass on Competitiveness and Strategy by MBSB | 18 July 2025 |
| | 12. Strategy Shift in Financial Institutions – Focus on Small and Medium-sized Enterprises ("SMEs") and Islamic Banking by MBSB | 5 August 2025 |
| | 13. Corporate Social Responsibility ("CSR") Day in Conjunction with MBSB's 75 th Anniversary by MBSB | 14 August 2025 |
| | 14. MBSB AgroESG First Edition Seminar Series – A Hands-On Guide for Agriculture SMEs by MBSB | 21 August 2025 |
| | 15. Khazanah Megatrends Forum 2025: Debugging Uncertainty– Lessons from the Grasshopper and the Ant on Living with Risk by Khazanah Nasional | 6 and 7 October 2025 |
| | 16. Tabung Haji Nominee Directors Training Programme 2025 by Tabung Haji <ul style="list-style-type: none"> • Managing Conflict of Interest and Dual Roles : Upholding Integrity in the Boardroom • A Boardroom Simulation : Experience it Live • Boards at the Edge : Governing AI, Cyber Risk & Data Integrity • A Balancing Conundrum – Appointing Shareholders Interest or The Interest Of The Organisation? | 14 and 15 October 2025 |
| | 17. Intellectual Property Financing Training – Leveraging Intellectual Property for Financing by Development Finance Business ("DFB") of Malaysian Industrial Development Finance Berhad ("MIDF") | 23 October 2025 |
| | 18. AI for Strategic Leadership Unlocking Operational Excellence by Theta Edge Berhad | 30 October 2025 |
| | 19. Masterclass on Generative AI – Disruption and Value Creation by Professor Phil Parker of MBSB | 3 November 2025 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Training/Seminar | Attended Date |
|---|---|--------------------------|
| Jang Seon Pyo | 1. Bursa Malaysia Mandatory Accreditation Programme ("MAP") Part I by Institute of Corporate Directors Malaysia ("ICDM") | 24 to 26 March 2025 |
| | 2. Bursa Malaysia Mandatory Accreditation Programme Part II: Leading For Impact ("LIP") – Building High-Impact Boards For Sustainable Growth by ICDM | 22 and 23 September 2025 |
| Ang Ah Leck | 1. Capital Market Director Programme for Equities and Futures Broking (Modules 1, 2A, 3 & 4) by Securities Industry Development Corporation ("SIDC") | 16 to 18 April 2025 |
| | 2. Capital Market Director Programme for Fund Management (Modules 2B) by SIDC | 18 April 2025 |
| | 3. Cybersecurity Awareness by Pavilion REIT Management | 15 July 2025 |
| | 4. Audit Oversight Board's ("AOB") Conversation with Audit Committees by Securities Commission Malaysia | 25 November 2025 |
| | 5. Navigating the National Sustainability Reporting Framework ("NSRF"): Insights on Implementation by AOB | 25 November 2025 |
| | 6. ICDM Director Series 2025: Elevating Boardroom Mastery: From Accountability to Action – Trust on Trial – The Fiduciary Compass for Modern Boards | 17 December 2025 |
| Tan Sri Datuk (Dr.) Rafiah binti Salim | 1. The Sanctity of Malaysia's Federal Constitution: Threats, Solutions and Impact on National Governance – Allianz Centre for Governance by YABhg Tun Tengku Maimun Tuan Mat | 19 August 2025 |
| | 2. Khazanah Megatrends Forum 2025: Debugging Uncertainty – Lessons from the Grasshopper and the Ant on Living with Risk by Khazanah Nasional | 6 and 7 October 2025 |
| Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | 1. Speaker at Women Leadership Foundation ("WLF") Roundtable Session on Championing Excellence: The Leadership Endurance | 25 April 2025 |
| | 2. ASEAN Women Economic Summit 2025 – Empowering Women, Energizing ASEAN: Pioneering Economic Integration For A Resilient Tomorrow by WLF and the Malaysia's Ministry of Investment, Trade, and Industry ("MITI") | 24 and 25 May 2025 |
| | 3. Speaker at WLF with Yayasan Peneraju on Breaking Barriers – Pioneering Leadership that Inspires Generations | 25 October 2025 |
| | 4. Tea Talk Session on "AI, Ethics & Accountability: Who Owns The Risk?" by Institute of Enterprise Risk Practitioners ("IERP") | 31 October 2025 |
| | 5. Speaker at WLF on Resilient Leadership | 7 November 2025 |
| | 6. IERP Directors Networking Session, "Corporate Cultism – The Silent Threat in The Boardroom" by IERP | 7 November 2025 |
| | 7. Boardroom Under Fire: D&O Protection & Director Liability in Malaysia's Evolving Risk Landscape by ICDM | 20 November 2025 |
| | 8. Tea Talk Session on "Beyond ESG Reporting: The Risk of Greenwashing in 2025" by IERP | 21 November 2025 |
| | 9. Audit Oversight Board's ("AOB") Conversation with Audit Committees by Securities Commission Malaysia | 25 November 2025 |
| | 10. Financial Scandals: Deceit, Lies & Greed by ICDM | 27 November 2025 |
| | 11. Trust on Trial: Fiduciary Duties in the Modern Boardroom by ICDM | 17 December 2025 |
| | 12. Tea Talk Session on "Decoding Risk – Compliance – Audit Relationship" by IERP | 19 December 2025 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Training/Seminar | Attended Date |
|---------------|---|---------------------------------|
| Yu Seung Yong | 1. Bursa Malaysia Mandatory Accreditation Programme (“MAP”) Part I by ICDM | 24 to 26 March 2025 |
| | 2. Governance Risk Assessment (“GRA”) Awareness Training: Duty to conduct & implement risk management by TCE Management Consulting PLT | 11 April 2025 |
| | 3. Bursa Malaysia Mandatory Accreditation Programme Part II: Leading For Impact (“LIP”) – Building High-Impact Boards For Sustainable Growth by ICDM | 26 and 27 November 2025 |
| Park Jae Sun | 1. Health and Safety (“HS”) Trainings: 8 agendas by LOTTE Chemical ESG Department <ul style="list-style-type: none"> • Understanding Serious Accident Punishment and Safety and Health Management System • Industrial Accident Compensation Insurance System and Work-related Accidents • Understanding Risk Assessment • Safety and Health Management and Accident Prevention for Office Workers • Managing Job Stress and Preventing Emotional Labor Issues • Prevention of Workplace Bullying and Occupational Diseases • Traffic Safety and Safe Use of Smartphones • Supervisors’ Duties and Safety Leadership | 14 April 2025 to 2 October 2025 |
| | 2. Human Resources Regulations Webinar: Amendment of Labor Laws by Yulchon LLC | 5 September 2025 |
| | 3. Corporate Laws Webinar: Directors’ Duty of Loyalty and How to Prepare Board Meetings by Kim and Chang | 29 September 2025 |
| | 4. US Economic Sanctions Training: Paul Hastings Seoul Office Webinar | 17, 23 and 27 October 2025 |
| | 5. LOTTE Group Legal/Compliance Forum: Strengthening Compliance Systems of Affiliates | 6 November 2025 |
| | 6. Business Ethics Training: LOTTE Chemical Online Education Program | 11 and 12 November 2025 |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

KEY FOCUS AREAS OF OUR BOARD IN 2025

Strategy

- Reviewed the annual budget to ensure alignment with the Group’s vision and strategic objectives
- Assessed the variance analysis of operating profit, comparing budgeted and actual results
- Reviewed cash flow projections
- Reviewed the Ten-Year Ethylene Sale and Purchase Agreement for the supply of ethylene
- Monitored the progress of the LOTTE Chemical Indonesia New Ethylene (“LINE”) project and its financing arrangements
- Reviewed business sustainability and Environmental, Social and Governance (“ESG”) strategies
- Reviewed the Investor Relations and Public Relations strategies

Governance, Compliance and Leadership

- Reviewed and renewed the Directors’ and Officers’ Liability Insurance Policy
- Reviewed Shariah compliance status
- Monitored public shareholding spread compliance
- Reviewed quarterly updates on compliance with applicable laws and regulations across business divisions
- Conducted quarterly reviews of declarations relating to the BECOC, ABAC Manual, COI and Whistleblowing Policy

Financial, Risk Management and Monitoring Performance

- Quarterly review of related/recurrent related party disclosures
- Conducted quarterly reviews of the Group’s financial results
- Monitored the Group’s operational efficiency
- Reviewed corporate finance matters
- Reviewed reports from the Sustainability Working Group (“SWG”), including the Materiality Assessment Approach, Materiality Matrix and Key Sustainability Initiatives
- Conducted quarterly reviews of the Group’s risk management and internal control systems, including post-incident reviews, action plans and accountability tracking

LOOKING AHEAD TO FY2026

The Board remains committed to upholding the highest standards of corporate governance with the objective of delivering sustainable growth and long-term value to shareholders.

Our Approach to Sustainability Governance

The Board holds overall responsibility for LCT’s sustainability agenda and provides strategic oversight of its implementation. The SWG, led by the President & CEO and comprising leaders from all key business divisions, is responsible for driving and coordinating the Group’s ESG initiatives.

Operating within a clear reporting framework, the SWG leads the execution, monitoring and review of sustainability programmes across the Group’s key focus areas. Quarterly updates and progress reports are submitted to the SWG Chairman, who in turn presents relevant matters to the President & CEO and escalates material issues to the Board.

Quarterly reports are provided to the Board to ensure continuous oversight of Group-wide sustainability management. These reports ensure alignment with our overall business and adherence to our sustainability strategy. Additionally, we have integrated ESG initiatives into departmental Key Performance Indicators (“KPI”).

Key focus of SWG’s ESG initiatives are detailed below:

E

ENVIRONMENTAL

- Carbon Policy Compliance
- Carbon Management
- Resource Management
- Circular Economy

S

SOCIAL

- Safety and Health
- Human Capital Development
- Mutual Growth

G

GOVERNANCE

- Compliance and Corporate Governance
- Risk Management

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION AND REMUNERATION COMMITTEE

Composition

Members of the NRC are exclusively Non-Executive Directors, a majority of whom are independent. The members during the year comprised the following Non-Executive Directors:

- Chairperson : Tan Sri Datuk (Dr.) Rafiah binti Salim (Independent Non-Executive Director)
- Members : Ang Ah Leck (Independent Non-Executive Director)
- Park Jae Sun (Non-Independent Non-Executive Director)

The NRC plays a dual role in assisting the Board on matters relating to its composition and structure, as well as the remuneration of directors and Key Senior Management. The NRC is chaired by Tan Sri Datuk (Dr.) Rafiah binti Salim, an Independent Non-Executive Director who was appointed to lead the Committee in view of her strong grasp of the Group’s business, culture and values, as well as her extensive experience in human resources, governance and leadership. The NRC is further supported by a diverse group of members, each contributing their skills, professionalism and industry knowledge to provide meaningful guidance and input in fulfilling their roles.

The NRC is governed by its TOR, which guides the Committee in its objectives, authority and responsibilities. The TOR of the NRC is uploaded on the Corporate website at <https://www.lottechem.my/company/gov.asp>.

NRC Activities and Key Focus in FY2025:

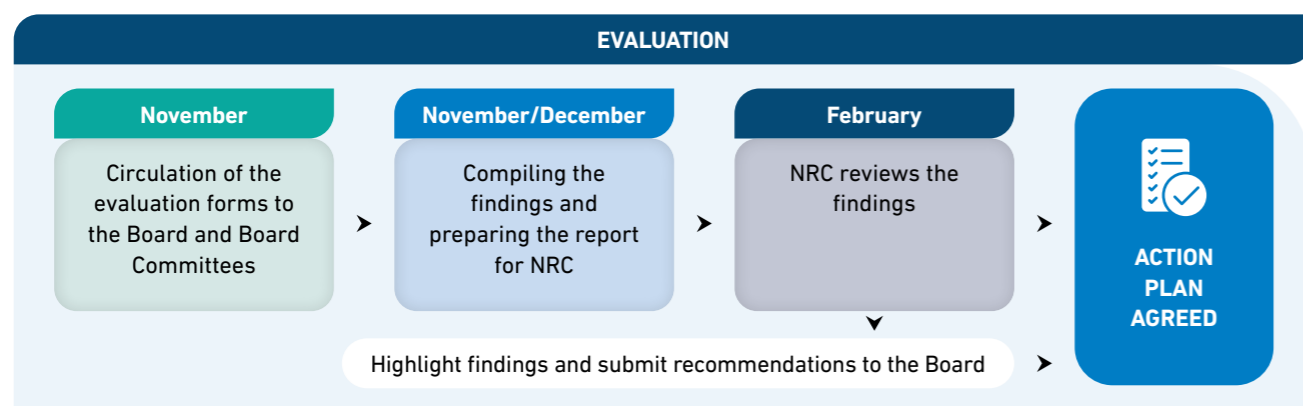
(i) Board, Board Committees and Individual Director Evaluation

The NRC oversees the Board evaluation process. The performance evaluation of the Board, Board Committees and individual Directors are undertaken annually. For 2025, the Board evaluation process was facilitated by the external company secretary.

The evaluation commenced with the completion of questionnaires, assessing areas including:

- Efficiency and effectiveness of Board leadership
- Directors’ fitness and propriety
- Directors’ independence
- Management of conflicts of interest
- Meeting administration and information processes
- Quality of boardroom discussions and relationships
- Board’s engagement with Management
- Board diversity, including skills, tenure and gender
- Effectiveness of Board Committees
- Oversight of ESG elements and relevant skills to drive ESG strategy and implementation
- Time commitment of Directors

Feedback from Directors indicated that, despite challenges during the year, the Board, its Committees, and the Chair continued to operate effectively. The NRC and the Board concluded that the current skills matrix remains adequate to support the Group’s strategic objectives.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(ii) Training Needs

Our Directors participate in ongoing training and development programmes to remain current with the skills, knowledge and industry insights necessary to support their roles at Board and Board Committee meetings. This ensures that they discharge their responsibilities efficiently and effectively. The Board recognises the growing importance of ESG strategies and has agreed to place greater emphasis on this area, including monitoring progress against planned objectives.

The NRC reviewed the training completed by the Directors and assessed their training needs for the year. The Committee was satisfied with the range and relevance of the programmes attended. In addition, the NRC continues to monitor the progress of Directors undertaking the Mandatory Accreditation Programme Part II: LIP, to ensure that newly appointed Directors complete the training within the prescribed timeframe in accordance with the Listing Requirements.

(iii) Election and Re-election of Directors

In accordance with the Company’s Constitution, an election of Directors is held each year. At the first Annual General Meeting (“AGM”) of the Company, all the Directors shall retire from office. At every subsequent AGM, one-third (1/3) of the Directors, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election, provided that each Director shall retire at least once every three (3) years and shall be eligible for re-election.

Directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next AGM, at which point they are eligible for re-election. Such Directors shall not be counted in determining the number of Directors retiring by rotation at that AGM.

In the event of any vacancy in the Board of Directors resulting in non-compliance with Para 15.02(1) of the MMLR, the Company must fill the vacancy within three (3) months.

Tan Sri Dato’ Abdul Rahman Mamat and Ang Ah Leck, who are retiring pursuant to Clause 100, will not be seeking re-election at the forthcoming AGM, as they are approaching the nine-year tenure limit for Independent Directors.

The NRC will continue to identify and recommend suitable candidates for appointment to the Board, ensuring that its composition remains balanced, diverse and aligned with the Company’s strategic objectives.

(iv) Succession Planning

In 2025, an assessment was conducted to evaluate the independence of the four (4) Independent Directors, which revealed no issues compromising their independence or judgement. The NRC reviewed the succession plan for Independent Directors and the process of identifying successors for key leadership roles.

The NRC is still in the process of identifying and recommending suitable candidates for appointment to the Board.

(v) Succession Planning for Key Senior Management

In FY2025, the NRC reviewed the succession pool for the key positions within the key business areas.

In addition, two (2) Senior Management roles are led by women, reflecting the Company’s commitment to fostering diversity and promoting women empowerment within the leadership pipeline.

Our approach this year focuses on ensuring the continuous development of key successors. To achieve this, ongoing process interventions have been implemented through Performance Management which emphasises strategic communication to cultivate and improve team performance. Performance rewards are reformulated with higher weightage on deliverable KPI achievement. This implementation is crucial for shaping leaders’ skills and competencies, aligning them with KPI development strategies.

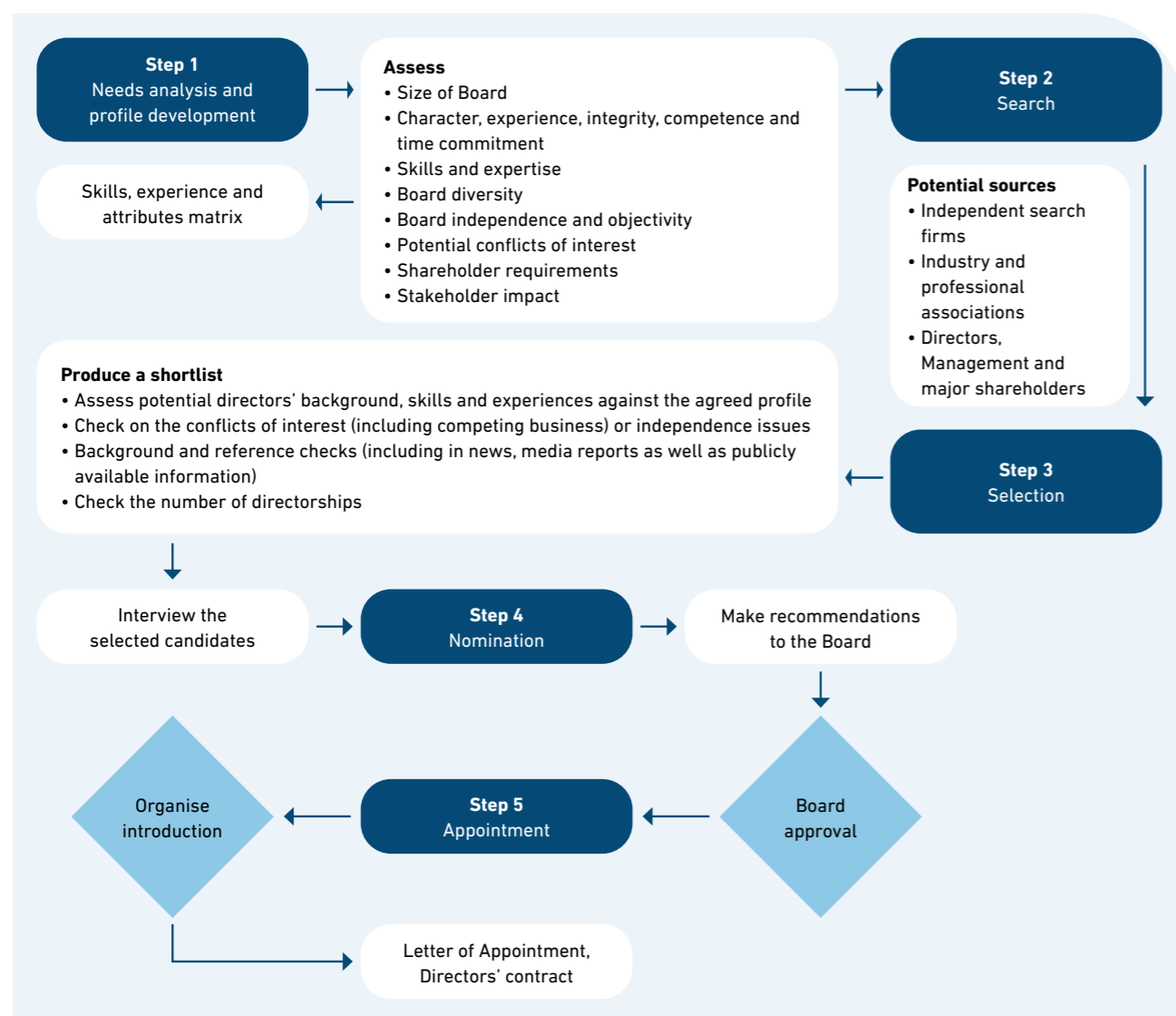


CORPORATE GOVERNANCE OVERVIEW STATEMENT

(vi) Board Appointments

The NRC is responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board, and to make recommendations to the Board on their appointments. Where appropriate, external consultants are engaged to assist in searching for candidates.

The Board's process for the appointment of Directors is illustrated below:



Appointments to the Board are based on objective criteria and merit, with due consideration given to diversity in skills, competencies, experience, age, cultural background and gender. Potential candidates are required to undergo a self-evaluation to assess their fitness and propriety, time commitment and financial standing, in accordance with the criteria set out in the Company's Fit and Proper Policy. Proposed candidates must also submit a declaration of any COI, which will be reviewed by the NRC to determine whether such circumstances could impair their ability to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration of Board and Key Senior Management

The Board has established policies and processes to determine the remuneration of Directors and Key Senior Management. These policies take into account the Company's complexity and performance, the skills and experience required, market benchmarks for comparable positions, time commitments and additional responsibilities, including that of the Board Chairman.

In line with the MMLR, salaries payable to the Executive Directors do not include a commission or percentage of turnover, while fees payable to the Non-Executive Directors take the form of a fixed sum and not a commission or percentage of profits or turnover. Fees paid to the Independent Directors and meeting allowance for attendance at meetings are in the form of cash. The Non-Independent Non-Executive Director does not receive fees or benefits from the Company.

In accordance with the Companies Act 2016 and the MMLR, Directors' fees and benefits are subject to annual shareholder approval. In this regard, the Directors' fees for the financial year 2025 and the benefits payable to the Directors (excluding Directors' fees), with effect from the 2025 AGM until the forthcoming AGM to be held in 2026, were approved by the shareholders at the AGM held on 5 May 2025.

The Independent Directors' remuneration consists of the following components:

| Remuneration Component | Paid as | Details |
|------------------------|---------|--|
| Fixed Fees | Cash | Fees are paid for service as Directors. Fees paid to the Chairman reflect the additional responsibilities as Board Chairman. |
| Meeting Allowance | Cash | Paid for attendance at Board and Committee meetings. |

The Directors' fees of the Independent Directors are structured in accordance with market and industry benchmarks aimed at aligning it with the duties, responsibilities and time commitment associated with their roles.

The Directors' remuneration paid/payable for the financial year ended 31 December 2025 on an individual basis is set out below:

| | Group | | | | | |
|--|-----------|------------------------|--------------------------|------------|-----------------------|-----------------------|
| | Fees (RM) | Meeting Allowance (RM) | Salaries/ Allowance (RM) | Bonus (RM) | Benefits-in-kind (RM) | Other emoluments (RM) |
| Non-Executive Directors | | | | | | |
| Tan Sri Dato' Abdul Rahman Mamat | 244,800 | 19,500 | - | - | - | - |
| Tan Sri Datuk (Dr.) Rafiah binti Salim | 170,100 | 34,100 | - | - | - | - |
| Ang Ah Leck | 170,100 | 36,400 | - | - | - | - |
| Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | 170,100 | 33,450 | - | - | - | - |
| Park Jae Sun | - | - | - | - | - | - |
| Executive Directors | | | | | | |
| Jang Seon Pyo | - | - | 1,109,874 | - | 220,849 | - |
| Yu Seung Yong | - | - | 990,603 | - | 191,500 | 99,089 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| | Company | | | | | |
|--|-----------|------------------------|--------------------------|------------|-----------------------|-----------------------|
| | Fees (RM) | Meeting Allowance (RM) | Salaries/ Allowance (RM) | Bonus (RM) | Benefits-in-kind (RM) | Other emoluments (RM) |
| Non-Executive Directors | | | | | | |
| Tan Sri Dato' Abdul Rahman Mamat | 244,800 | 19,500 | - | - | - | - |
| Tan Sri Datuk (Dr.) Rafiah binti Salim | 170,100 | 34,100 | - | - | - | - |
| Ang Ah Leck | 170,100 | 36,400 | - | - | - | - |
| Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | 170,100 | 33,450 | - | - | - | - |
| Park Jae Sun | - | - | - | - | - | - |
| Executive Directors | | | | | | |
| Jang Seon Pyo | - | - | - | - | - | - |
| Yu Seung Yong | - | - | - | - | - | - |

Directors abstained from voting on their own remuneration.

No Fees or Allowance for Nominees of Major Shareholders

There are no fees or meeting attendance allowances paid to Board nominees of major shareholders.

Key Senior Management Remuneration

In February 2026, the NRC reviewed the proposed 2025 performance bonus provisions and the 2026 annual salary increments for Key Senior Management. The NRC submitted its recommendations to the Board, taking into account factors such as the Company's financial performance for 2025, relevant financial metrics and prevailing economic conditions.

The aggregate remuneration (including salaries, bonus, allowances, benefits-in-kind or other emoluments) paid or estimated to be paid to the Key Senior Management members for the financial year ended 31 December 2025 is set out below:

| Remuneration | For the Financial Year Ended 31 December 2025 |
|----------------------|---|
| Salaries | RM300,000 – RM550,000 |
| Bonus and allowances | RM0 – RM150,000 |
| Benefits-in-kind | - |
| Other Emoluments | - |

The Company does not disclose the detailed remuneration of Key Senior Management on a named basis within RM50,000 bands. This approach is adopted to preserve confidentiality, mitigate potential negative impacts from disclosure and maintain a stable work environment that supports the achievement of the Group's long-term strategic objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle B

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Board has established an AC comprising solely Independent Directors. The AC is governed by its TOR, which outlines its duties, responsibilities and authority, and is available on the Company's website.

The AC is chaired by Mr Ang Ah Leck, an Independent Non-Executive Director with more than four (4) decades of hands-on experience in audit, finance, corporate advisory, risk management, regulatory compliance and governance. The other AC members bring extensive expertise across international trade, corporate governance, investments, risk and internal control, corporate finance and business transformation. All members are financially literate and possess a strong understanding of the Group's business.

An assessment of the AC is carried out annually by the NRC, and the re-appointment of the term as Committee Members is recommended to the Board for approval.

AC meetings are held five (5) times a year, or more frequently if deemed appropriate. During the financial year, the AC held two (2) private sessions with the External Auditors, without the presence of Executive Management, and no major areas of concern were raised. No private sessions were held with the newly appointed Internal Auditor, who joined during the year, where such sessions will be convened as and when deemed necessary by the AC.

The AC actively engages with Management to satisfy the soundness of internal control systems and that disclosures in the financial statements are made in accordance with the applicable accounting standards.

Related party transactions that fall within predetermined thresholds are reviewed by the AC and are tabled to the Board upon their recommendations.

Matters deliberated by the AC are reported to the Board following each AC meeting so that the Board is promptly apprised of key deliberations or concerns raised during the AC.

Details of the AC activities are included on pages 134 to 136.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

RISK MANAGEMENT COMMITTEE

The RMC comprises a majority of Independent Directors and includes the President & CEO of LCT so that there is an appropriate balance of views and insights for an effective risk oversight. The RMC consists of four (4) members, namely:

- Chairperson : Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Independent Non-Executive Director)
- Members : Jang Seon Pyo (Non-Independent Executive Director, President & CEO)
Tan Sri Datuk (Dr.) Rafiah binti Salim (Independent Non-Executive Director)
Ang Ah Leck (Independent Non-Executive Director)

The RMC is led by Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir, an Independent Non-Executive Director who actively contributes to the risk governance oversight function due to her understanding of the business, as well as her skills and insights into the risk management process. Each member of the RMC brings their own experience, skills and industry knowledge, which complement those of the other members, ensuring a balanced and high level of insight for an in-depth review and continuous vigilance on the various risks that may impact the Group.

The RMC is governed by its TOR, which guides the Committee in terms of its objectives, authority and responsibilities.

The TOR of the RMC are available on the Corporate website at <https://www.lottechem.my/company/gov.asp>.

The RMC oversees the Company's overall risk management framework, strategies, policies and effectiveness of the risk management systems.

Quarterly reports on the identification of risks, related mitigations and emerging risks are submitted to the RMC by the Chief Financial Officer ("CFO") for its review and consideration.

The RMC reviews the processes in place, existing risks and deliberates on any new or emerging risks which may be on the horizon.

The RMC reports to the Board on a quarterly basis to ensure that the Board is kept abreast of changes in the risk landscape and developments in the management of principal risks, and to facilitate regular quality discussions on risk management at Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Key Focus Areas of the RMC in 2025

In 2025, the RMC oversaw key risk management activities including:

- Reviewed risk exposures to the Group, assessed risk profiles, risk categories and migration risk exposures and provided positive feedback to improve the process
- Reviewed the Business Continuity Management (“BCM”) Activities 2025
- Reviewed LCT’s Enterprise Risk Management (“ERM”) Activities 2025
- Sustain risk management culture

Priorities in 2026

- Continuation of ERM and BCM activities
- Continue evaluation of emerging risks in view of the volatile business environment
- Annual review of Business Impact Analysis (“BIA”), BCM Policy, Procedure and Plans and Risk Management Policy and Procedure Manual
- Testing BCM plan via tabletop exercise

Internal Control

Internal control falls under the purview and oversight of the AC. The AC is satisfied that there are adequate internal control systems to preserve the Company’s value creation.

Details of the internal control systems are contained in the Statement on Risk Management and Internal Control on pages 137 to 143.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognises the importance of timely dissemination of material information to shareholders and other stakeholders to ensure that the shareholders and other stakeholders are well informed of major developments and as such, adopts an open and transparent policy in respect of its relationship with its shareholders and stakeholders.

The Company is guided by Bursa Malaysia Corporate Disclosure Guide and the Company’s Corporate Disclosure Policy in disseminating information to stakeholders.

The Company conducts quarterly result briefings with research analysts and investors immediately after the quarterly results are announced as a means of effective communication that enables the Board and Management to convey information relating to the Company’s performance, corporate strategy and other matters affecting shareholders’ interests. A press release highlighting the Group’s financial performance is also released together with the Quarterly Announcement.

Stakeholder Engagement Initiatives for financial year 2025 include:

- Shareholders’ Meetings and Engagements
- Investor Engagements
- Research Analyst Engagements
- Quarterly Results Briefings
- Press Releases

We continue to adopt an integrated reporting approach for our Annual Report. This approach provides stakeholders with deeper insights into our strategy, governance processes and the key factors that drive our business performance.

The Board is committed to ensuring that shareholders’ and stakeholders’ views are heard and understood, and it welcomes questions and concerns relating to the Group’s management and governance. The Company has a dedicated investor relations and communications team to facilitate effective engagement with stakeholders. Further details on the stakeholder engagement initiatives undertaken during the year can be found on pages 27 to 30 of this Integrated Annual Report.

The Company’s website at <https://www.lottechem.my/main/main.asp> provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

Conduct of Meetings

The Board recognises that the general meeting serves as an important platform for engagement with shareholders. In 2025,

our Company conducted the AGM physically in Johor Bahru, with Tan Sri Dato’ Abdul Rahman Mamat, our Chairman, presiding over the proceedings. Shareholders were given the opportunity to seek clarification or raise questions regarding the Company’s financial and non-financial performance, as well as on the resolutions tabled for approval. Questions posed by the Minority Shareholder Watch Group during the AGM were addressed at the AGM and subsequently uploaded to the Company’s website.

At the 2025 AGM, our President & CEO provided a presentation on our business strategies, vision, objectives, challenges, financial performance and future outlook to ensure that shareholders have a thorough understanding of our business.

The Chairman of the AC and RMC, along with Key Senior Management personnel, were present, providing shareholders with the opportunity to engage directly and raise questions.

All resolutions tabled during the General Meetings are voted on via electronic poll. Shareholders have the right to appoint representatives or proxies to vote on their behalf in their absence at the general meetings.

Shareholders were provided with 28 days’ notice before the AGM, giving them ample time to consider the resolutions and prepare for the meeting. Explanatory Notes on any special business and relevant resolutions were included in the Notice. The Notice and Administrative Notes, are also published on the corporate website for easy shareholder access. Minutes of General Meetings are posted on the corporate website within 30 business days of the meeting.

Announcement of Consolidated Results

- **5 May 2025**
Unaudited results for the 1st quarter ended 31 March 2025
- **5 August 2025**
Unaudited results for the 2nd quarter ended 30 June 2025
- **3 November 2025**
Unaudited results for the 3rd quarter ended 30 September 2025
- **25 February 2026**
Unaudited results for the 4th quarter ended 31 December 2025

Integrated Annual Report/AGM

- **4 April 2025**
Integrated Annual Report and Notice of 2025 AGM
- **5 May 2025**
2025 AGM

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The Audit Committee during the year comprised three (3) members, namely:

- Chairman : Ang Ah Leck (Independent Non-Executive Director)
- Members : Tan Sri Datuk (Dr.) Rafiah binti Salim (Independent Non-Executive Director)
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Independent Non-Executive Director)

The AC meets the requirements of paragraph 15.09(1)(a), (b) and (c) of the MMLR and Step-Up Practice 9.4 of the MCGG. The AC Chairman has been a member of the Malaysian Institute of Accountants ("MIA") since 1987, the Malaysian Institute of Certified Public Accountants since 1984 and the Chartered Tax Institute of Malaysia since 1999.

All AC members are financially literate and independent of mind in addition to possessing sound judgement, objectivity and the required business skills. The AC Chairman possesses more than four (4) decades of hands-on expertise in audit, finance, corporate advisory, risk management, regulatory compliance and governance. The other AC members bring along with them a wealth of experience in international trade, corporate governance, investments, risk and internal control, corporate finance and business transformation.

The attendance record of the AC members is detailed on page 121 of the Corporate Governance Overview Statement.

The Board, through its NRC, conducted a review of the terms of office and performance of the AC and its members for the financial year ended 31 December 2025. The NRC was satisfied that the AC and its members have effectively discharged their duties, functions and responsibilities in accordance with the AC's TOR.

SUMMARY OF ACTIVITIES DURING THE YEAR

The table below reflects the summary of the activities undertaken by the AC during the year and the resulting material outcomes from these activities:

Financial Reporting

- Reviewed the unaudited quarterly financial results and annual audited financial statements
- Reviewed and discussed with Management and the External Auditors, focusing on compliance with accounting principles and standards that were applied and their opinion on the items that may affect the Financial Statements and significant events arising from the audit
- Reviewed and discussed with Management and External Auditors the tax audit findings of the subsidiary companies
- Reviewed the key areas of audit emphasis
- Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report

External Audit

- Reviewed and discussed with the External Auditors the audit planning memorandum outlining among others, their scope of work, approach, results of their examination, areas of audit emphasis and key audit matters
- Reviewed and assessed the audit fees and the nature of the non-audit services provided by the External Auditors
- Assessed the performance of the External Auditors based on objectivity, independence and quality of service delivery
- Deliberated on matters arising from the audit of the Group in a meeting with the External Auditors, without the presence of the Management team



AUDIT COMMITTEE REPORT

Internal Audit

- Reviewed the Internal Audit ("IA") Budget 2025, including the engagement of co-sourced IA service provider for LCT
- Reviewed the revised IA plan for 2025 to 2028, as well as the resource requirements of the in-house Group IA Department
- Assessed the performance of the IA Function and the performance of the Head of IA
- Reviewed the IA Reports covering Turnaround Procurement 2024 (performed in Q4 2024 but presented to the AC in March 2025), ABAC Compliance Management, Material Store and Warehouse Management on Inventory, and Polyethylene ("PE") Plant Management. Recommendations from the IA and Management responses were deliberated at length to improve the controls
- Reviewed the status of follow up actions at subsequent meetings until all findings were addressed
- Reviewed Internal Audit Charter
- Reviewed and deliberated the findings of the whistleblowing reports
- Reviewed the Indonesia's IA activities and IA reports of PT LOTTE Chemical Titan Tbk
- Reviewed the 2025 IA Plan for PT LOTTE Chemical Titan Tbk

Compliance

- Reviewed the status and received updates on the compliance matters of all business segments and functional departments, safety and environment matters and corrective measures taken encompassing the enhancement of the Standard of Operating Procedure and processes to improve compliance for LCT Group including the Indonesian subsidiaries
- Reviewed quarterly reports on areas of compliance encompassing the BECOC/ABAC/Whistleblowing incidents and conflict of interest, etc
- Reviewed quarterly reports on areas of compliance from the various business departments of PT LOTTE Chemical Titan Tbk and PT LOTTE Chemical Titan Nusantara ("LCTN")

Risk Management

- Reviewed the Statement on Risk Management and Internal Control

Related Party Transactions

- Reviewed the proposed amendments to Recurrent Related Party Transaction ("RRPT") entered between PT LOTTE Chemical Indonesia ("LCI") and LOTTE Chemical Corporation for the payment of royalties
- Reviewed the RRPT in relation to the Ethylene Spot Sales Contract between LCI and LCTN for the supply of ethylene from LCI to LCTN
- Reviewed the RRPT in relation to the Ethylene Sales and Purchase Agreement between LCI and LCTN for the supply of ethylene from LCI to LCTN
- Received updates on Related Party Transactions and RRPTs entered during the year and tracked against prescribed thresholds
- Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of the Shareholders Mandate for RRPT prior to submission to the Board for consideration

INTERNAL AUDIT FUNCTION

The primary role of the IA is to undertake regular and systematic reviews of the internal control systems to improve the effectiveness and to provide reasonable assurance on the adequacy of the risk management, internal control environment and governance processes across LCT and its subsidiaries' significant operations. The IA reports directly to the AC, thus ensuring their impartiality, proficiency and independence.

The Group's IA function is carried out by the in-house IA Department and is supported by an external consultant, Moore Risk Consulting Sdn. Bhd. This arrangement ensures that the IA function is adequately resourced and contributes to enhancing the overall quality of the Group's internal audit practices.

IA activities are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors ("IIA"), the Internal Audit Charter and the Annual Audit Plan approved by the AC. The IA plan is developed based on information provided by Management through the Risk Register, as well as any areas of concern highlighted by the AC and/or Management. To maintain independence and objectivity, the IA team has no operational responsibility or authority over the activities it audits.

The IA conducts independent reviews to assess the adequacy and integrity of the Group's internal control system in managing key risks and reports its findings to the AC on a quarterly basis. Where weaknesses are identified, the IA recommends improvement measures to strengthen controls and follow-up audits are conducted to assess the status of Management's implementation. In executing its work, the IA prioritises areas directed and approved by the AC. Each internal audit culminates in a detailed report outlining improvement recommendations together with Management's responses.

AUDIT COMMITTEE REPORT

The summary of the activities of the IA function carried out during the year under review included:

| | |
|--|--|
| <p>01 Presented revised IA plan for 2025 to 2028 and tabled the 2025 annual budget to the AC for consideration and approval.</p> <p>02 Conducting IA engagements according to the scheduled annual audit plan/revised audit plan and recommending improvements, where necessary. IA engagements included the following areas:</p> <ul style="list-style-type: none"> • ABAC Compliance Management • Material Store and Warehouse Management on Inventory • Polyethylene (“PE”) Plant Management (PE1, PE2 and PE3) • Sales Polymer and Marketing (conducted in Q4 2025, presented to the AC in February 2026) <p>Areas identified were strengthening of compliance, systems and process enhancement and document management improvement.</p> | <p>03 Presented the 2025 IA Plan and reviewed the IA reports covering audits of the Commercial Department (Domestic Sales), Human Resources Department, Health, Safety, Environment and Risk Department, Warehouse Department and Store Department of the Indonesian subsidiary, PT LOTTE Chemical Titan Tbk.</p> <p>04 Reporting results of internal audit reviews and other activities to the AC on a quarterly basis.</p> <p>05 Performing follow-up reviews to ensure that Management implements audit recommendations and action plans.</p> <p>06 Performed quarterly reviews of related party transaction disclosures in the Quarterly Bursa Report.</p> <p>07 Conducted internal investigations on whistleblowing reports received and tabled the findings to the AC for review.</p> |
|--|--|

The in-house IA function is headed by Puan Siti Khadija binti Aziz, who is a Chartered Accountant with the MIA and an Associate Member of the IIA Malaysia. She holds a Bachelor of Accountancy (Hons.) from Universiti Teknologi MARA.

The in-house IA function is also supported by an external consultant, Moore Risk Consulting Sdn. Bhd., which is headed by Mr Joe Lee, who holds the Certified Internal Auditor (CIA), Certified Professional in Supply Management (CPSM), Certified Public Accountant (CPA), and Chartered Accountant (CA) qualifications.

The IA team is free from any relationships and conflicts of interest which could impair their objectivity and independence. During the financial year, the IA team attended an average of 32 hours of training to enhance their competencies and roles in the IA process. The total cost incurred for the IA function for the financial year was RM564,955.00.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is in line with the MMLR of Bursa Malaysia Securities Berhad on the Group’s compliance with the Principles and Best Practices relating to internal control as stipulated in the MCCG.

LCT has put in place a risk management framework which is in line with ISO 31000:2018 Risk Management – Guidelines (a standard relating to risk management codified by the International Organization for Standardization which provides a standard on the implementation of risk management).

RISK MANAGEMENT PHILOSOPHY

It is the Company’s mission to comply with the guiding principles as set out below:

1. Use the best practices in risk management which are generally aligned with ISO 31000:2018 Risk Management – Guidelines, to support and enhance our activities in all areas of our organisation;
2. Ensure enterprise risk management (“ERM”) is an integral part of all organisational and decision-making processes;
3. Use a structured ERM programme to minimise reasonable foreseeable disruptions to operations, injuries to people and damage to the environment and property;
4. Train our people to implement risk management effectively; and
5. Strive to continually improve our risk management practices.

ROLES AND RESPONSIBILITIES

Board of Directors (“Board”)

The Board is responsible for reviewing and monitoring the Group’s system of risk management and internal controls as well as setting the Group’s risk appetite to ensure its adequacy and integrity, and its alignment with business objectives.

However, it should be noted that risk management and control systems are not about totally eliminating risks but managing them. As such, it can only provide reasonable but not absolute assurance against any material loss or failure. The Board has established a process for identifying, evaluating, monitoring and managing extreme and high risks, including emerging risks that may adversely affect our business, operating results, cash flow and financial condition, as well as for enhancing this process where necessary.

Risk Management Committee (“RMC”)

The RMC is a Board Committee established by the Board to assist in the risk management of the Group. The RMC is governed by clearly defined TOR and authority for areas within their scope.

The RMC oversees Senior Management’s activities to ensure that there is an ongoing process to continuously manage the Company’s risks proactively. Some of the specific duties of the

Committee include:

- To review the risk governance structure of the Group;
- To review and assess the adequacy of risk management policies and the framework for identifying, measuring, monitoring and managing significant risks and emerging risks as well as the extent to which these are operating effectively;
- To review Management’s periodic reports on risk exposure, risk portfolio composition, risk appetite and risk management activities; and
- To conduct any other functions as may be agreed to by the RMC and the Board.

President & CEO

The President & CEO has the ultimate responsibility for determining the strategic direction of LCT and for creating the environment and structures for risk management to operate effectively. This is achieved through the RMC and Risk Management Working Committee.

Risk Management Working Committee (“RMWC”)

The RMWC is a Senior Management committee established to implement the direction of the RMC. The main responsibilities of the RMWC are as follows:

- Ensure the continuous assessment, identification, measurement and monitoring of principal risks and emerging risks of the Company;
- Coordinate and prioritise the risk management activities of the Company to ensure principal risks and emerging risks are adequately managed;
- Ensure that a comprehensive enterprise-wide risk management policy and framework is in place to provide a strong control environment;
- Ensure that the Company’s risk management strategies are continuously aligned with its business strategies and risk appetite, where risks are considered in the Company’s long-term plans and investment or capital allocations;
- Ensure that adequate resources, expertise and information to manage risks are available throughout the Company; and
- Propagate a risk awareness culture among the Company’s stakeholders, in particular all staff levels in the Company, by way of continuous risk training and education.

Risk Management Function (“RMF”)

The RMF is set up to assist the Board, RMC and RMWC in discharging their risk management responsibilities. These responsibilities include assisting in the development of the risk management framework, policies, processes, procedures and risk appetite; ensuring that the Line Management of each functional unit carries out all risk management responsibilities; and maintaining the risk register for the Group. In addition, the RMF is also tasked with monitoring and reporting the key risks as identified by the Line Departments and facilitating the quarterly risk review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The RMF, under the guidance of RMWC, and to the extent it deems necessary, will also carry out specific responsibilities by collaborating with the Line Management to achieve the following:

- Establish, maintain and continuously monitor the process of identifying, measuring and monitoring risks throughout the Group by the respective risk owners, with appropriate periodic reporting of all risk activities;
- Ensure the risk owners implement all risk treatment programmes as approved by the RMWC, and that the progress of these programmes is continuously monitored and reported; and
- Ensure risk management policies, procedures and framework are in place and that they are effectively functioning, continuously monitored, reviewed and reported inclusive of but not limited to the following risks, as well as emerging risks that may impact the Group:
 - Strategic Risks;
 - Operational Risks including the framework to address Compliance, Internal and External Fraud, Occupational Safety and Health, IT Security, Physical Assets Security, Insurance, Business Continuity (minimisation of major business interruptions or catastrophic loss), Human Capital and Environmental Risks;

- Financial Risks;
- Market Risks; and
- Legal and Regulatory Risks.

Line Management

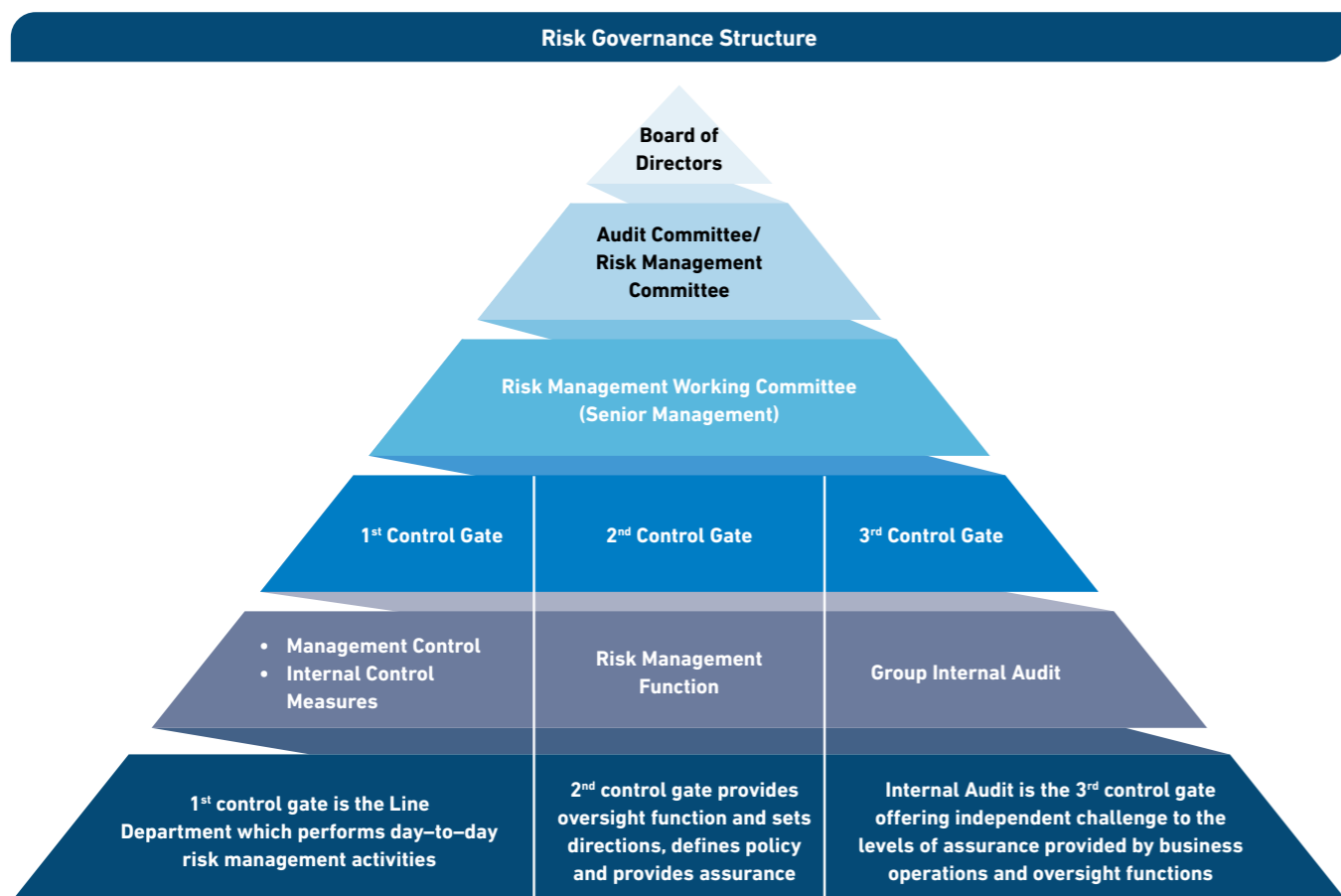
All directors, managers, risk owners and staff have responsibility in the identification of potential risk exposures, including emerging risks and for developing and implementing associated risk mitigation plans for unacceptable exposures in line with the Group's risk appetite and updating the risk register accordingly. The Line Management provides quarterly assurance on the adequacy and effectiveness of risk management practice, risk reporting and internal control system within their respective areas. Additional responsibilities include:

- Managing risks on a day-to-day basis;
- Promoting risk awareness within their operations;
- Incorporating risk management as a regular management meeting item to allow the consideration of exposures and to prioritise work in the light of effective risk analysis; and
- Ensuring that risk management is incorporated at the conceptual stage of projects as well as throughout a project.

RISK MANAGEMENT FRAMEWORK

Risk Governance and Oversight

The risk governance structure is depicted in the diagram below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In addition to our risk governance structure, we have adopted the Three Control Gates approach for effective risk management.

Heads of Departments, together with their team members, are the first control gate and are accountable for all risks identified under their respective areas of responsibilities. They are also responsible for the continuous development of the risk management capabilities of their staff and for ensuring that risk management is embedded in all key processes and activities.

The RMF team, with oversight by the RMWC, is responsible for the second control gate. The RMF team sets direction, defines policy and monitors the risk management activities of the Group.

The third control gate is controlled by the IA team. The IA team reports directly to the AC and provides independent assurance of the adequacy and reliability of governance, internal control and risk management process.

Risk Management Framework and Process

Our ERM framework, process and relevant guidelines are generally aligned with ISO 31000:2018.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Within this framework, the Company has an established and structured process for communication and consultation, defining scope, context, criteria, risk assessment (which includes identifying, analysing and evaluating), treatment, monitoring and reviewing, recording and reporting risks and the effectiveness of its mitigation strategies. The plan is thoroughly followed to ensure that all these processes are implemented as intended. In 2025, LCT implemented a scheduled review programme on the controls in place for moderate and high risk registers to improve risk governance oversight. LCT also carried out annual review of BIA, BCM Policy, Procedure and Plans and Risk Management Policy and Procedure Manual.

Risk Appetite Statement

The Group's risk appetite defines the level of risks that the Group is willing to accept in pursuing the business strategies. The Board has approved the risk appetite to ensure it remains appropriate and aligned with the Group's overall risk management framework.

- 
Financial
 We will uphold prudent and efficient financial management in pursuit of our business objectives while ensuring financial resilience through an appropriate balance between risk and reward.
- 
Sustainable Manufacturing & Product Quality
 We are focused on sustainable manufacturing, ensuring stable and safe operation, upholding the highest product quality standards and optimising resources to safeguard long-term business viability.
- 
Occupational Safety & Health
 We are committed for securing the safety, health and welfare of persons at work as well as preventing workplace accidents by continuously identifying and mitigating hazards to reduce risks, injuries and exposure to harmful substances in our operations.
- 
Environmental Management
 We are committed for reducing our environmental impacts and addressing climate change. We focus on efficient operations, complying with local regulations and optimising processes to minimise emissions and waste.
- 
Compliance
 LCT is dedicated to maintaining high standards of corporate responsibility and corporate governance structure in all our activities with zero tolerance for non-compliance, and upholding strong ethical business practices to maintain the trust of our stakeholders.
- 
Reputation
 LCT will avoid any situation or action that could significantly damage our reputation or brand image including unethical conduct and/or breaches of legal or regulatory obligations.
- 
Cybersecurity
 We are committed to strengthening the organisation's IT security posture by implementing robust cybersecurity practices that proactively mitigate cyber threats, prevent data compromise and safeguard data privacy as core components of our comprehensive data protection strategy.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

How Risks are Treated

Our business is subject to a number of risk factors, many of which are outside our control. The treatment of selected high impact and high likelihood risks are outlined below:

| Key Industry Risks | Impact to our Business | Mitigation Measures |
|--|--|--|
| Cyclicalities in the petrochemical industry and fluctuations in crude oil prices | <ul style="list-style-type: none"> May adversely affect our business, operating results, cash flow and financial condition | <ul style="list-style-type: none"> Enhance operational excellence to optimise plant utilisation rate and to be more cost competitive Prudent financial management and maintenance of financial resilience Strengthen value and supply chain |
| Operations and production processes are subject to significant operating hazards and risks | <ul style="list-style-type: none"> Plant shutdown | <ul style="list-style-type: none"> Periodic maintenance and refurbishment of machinery and equipment Implementation of a Risk-Based Inspection ("RBI") programme in line with the Department of Occupational Safety and Health's ("DOSH") Special Scheme Inspection ("SSI") Regulation 2014 Industrial All Risk insurance is in place Yearly risk engineering survey and valuation conducted by insurers and broker |
| Limitations on, or disruptions in, the supply of feedstock and fluctuations in feedstock prices | <ul style="list-style-type: none"> Financial impact due to increased operating expenses which adversely affect operation, cash flow and margins | <ul style="list-style-type: none"> Diversify supply sources/suppliers Strict assessment of suppliers' capabilities Maintain close collaboration with reliable suppliers Pricing risks managed by spreading out price counting Price counting set around 30 days prior to cargo arrival |
| The business is subject to safety and health laws and regulations and is exposed to environmental compliance and clean-up costs | <ul style="list-style-type: none"> Prohibition order resulting in plant shutdown Financial and reputational impact | <ul style="list-style-type: none"> Full compliance with safety and environmental laws and regulations Conduct process safety audits Implement recommended actions by the Department of Environment ("DOE") and DOSH Perform Guided Self-Regulation ("GSR") environmental mainstreaming as recommended by the DOE |
| Market changes and uncertainty – Demand and supply of petrochemical products are dependent on general economic and market conditions, changes in consumer sentiment and preferences and other external factors | <ul style="list-style-type: none"> May adversely affect our business, operating results, cash flow and financial condition | <ul style="list-style-type: none"> Differentiate the Group in domestic and export markets through the range and quality of our products, speed of delivery and high level of customer service Market diversification Optimise capacity utilisation according to market demand Prudent financial management and maintenance of financial resilience Strengthen value and supply chain |
| Licences, permits and approvals may not be obtained, renewed or maintained to continue business operations | <ul style="list-style-type: none"> Plant shutdown Financial impact | <ul style="list-style-type: none"> Monitoring via the compliance framework comprising: <ul style="list-style-type: none"> Compliance Management System Quarterly certification Legal register Annual compliance plan Full understanding and compliance of conditions attached to all licenses, permits and approvals The Compliance Management System will send notifications automatically to responsible Line Departments prior to the expiry of licences/permits/ approvals |

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

| Key Business Risks | Impact to our Business | Mitigation Measures |
|---|---|---|
| The Ringgit Malaysia (“RM”) and/or the Indonesian Rupiah (“IDR”) may be subject to exchange rate fluctuations | <ul style="list-style-type: none"> Increase Forex exposure | <ul style="list-style-type: none"> Forward contract Daily monitoring of exchange rates |
| A cyber-incident may result in a business interruption loss as systems are unavailable both internally and externally | <ul style="list-style-type: none"> Business interruption Financial loss | <ul style="list-style-type: none"> Firewalls installed to detect external threats and intrusions Use of spam and email virus filtering system to filter malicious software and emails Antivirus in place for servers, desktops and laptops Provide regular information security training each year and share the ITS Newsletter on a quarterly basis Implemented offsite disaster recovery centre with real time replication of critical servers |
| Loss of key members of the Management, or the Group’s inability to hire or retain qualified personnel | <ul style="list-style-type: none"> Disruption to business operations | <ul style="list-style-type: none"> Succession planning – Succession pool review and re-nomination after restructuring exercise in Q2 2025 Benchmark and review overall compensation and benefit policy within five (5) years to improve competitiveness of remuneration packages Key talent retention programmes – Competency based training programme with reward and recognition incentives Increase promotion rate and implement retention measure for key successors in year 2025 |
| Existing and proposed expansion plans may not be completed on schedule or within the budget | <ul style="list-style-type: none"> Adverse impact on future growth and prospects Financial impact Loss of reputation | <ul style="list-style-type: none"> Strengthen project and contractor management Leverage on parent company expertise in project management and delivery Monitor project progress Successfully commenced commercial operations of the LINE project on 15 October 2025 |

For ESG and other sustainability risks, please refer to Section 4: Our Strategy based on Sustainability Matters in this IAR 2025, pages 40 to 97.

INTERNAL CONTROL

Internal Audit Department (“IAD”)

The IAD reports to the AC. The activities of the IAD are guided by the IA Charter and Annual Audit Plan that are approved by the AC.

The IAD function independently reviews the adequacy and integrity of the system of internal controls in managing the key risks and report these accordingly to the AC on a quarterly basis. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls and follow-up audits are conducted by the IAD to assess the status of implementation thereof by Management. In carrying out its work, the IAD focuses on areas of priority as directed and approved by the AC.

The IAD is working towards performing the services in accordance with the International Professional Practices Framework (“IPPF”) that is issued by the IIA and is also guided by the internal control framework issued by the Committee of Sponsoring Organisation (“COSO”).

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS

Organisation structure

The Group has an established organisation structure with clear defined lines of authority, responsibility and accountability to meet its business strategies and objectives within a reasonably controlled environment.

Business Ethics & Code of Conduct (“BECOC”), Anti-Bribery & Anti-Corruption (“ABAC”) Manual and Whistleblowing Policy

The Group has in place a BECOC to provide guidance to employees for moral and ethical behaviour that is expected from the employees in following laws, policies, standards and procedures.

The ABAC Manual has also been established to outline the Group’s policy on matters pertaining to bribery and corruption.

A Whistleblowing Policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise concerns about possible improprieties, improper conduct and other malpractices within the Group in an appropriate way.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Delegation of Authority

The Group has established Financial Authority Limits for approving capital expenditure and non-capital expenditure. Major capital investments, acquisitions and disposals exceeding a certain threshold require the relevant Committee or Board Approval.

Business Process

The Group has in place well-established and documented business processes which are aligned with the strategic objectives and goals.

Annual Business Plans and Budgets

Operating plans and budgets are prepared by the respective Heads of Departments on an annual basis and KPI for departments and employees are established by setting targets and objectives that contribute to the overall success of the organisation. The Group’s operating plan and budgets are presented to the Board for deliberation and approval.

Actual performance against budget is monitored by the Board for corrective actions where necessary.

Monitoring by Senior Management

Regular management and operation meetings are conducted by Senior Management, which include the President & CEO on financial and operational performance.

Monitoring by the Board

Board meetings are held at least once a quarter with a formal agenda on matters for discussion. The Board is kept updated on the Group’s activities and operations regularly.

Compliance Function

A compliance framework to ensure compliance with applicable regulatory and legal requirements, which includes monitoring and continuous trainings has been established.

ASSOCIATE

This Statement does not include the state of risk management and internal control of the Company’s associate company, which has not been dealt with as part of the Group. To safeguard the Group’s interest in this entity, representatives are appointed to the Board of Directors, or nominated representatives serve in this capacity.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit & Assurance Practice Guide 3 (AAPG3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the MIA. AAPG3 does not require the External Auditors to, and they did not, consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk and control procedures. AAPG3 also does not require the External Auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Annual Report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by Section 7 of Statement on Risk Management and Internal Control (“SORMIC”): Guidelines for Directors of Listed Companies (“SORMIC Guide 2025”), nor is the Statement factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system. The Board has received assurance from the President & CEO and CFO that the Group’s risk management and internal control system, in all material respects, is operating adequately and effectively. In providing the above assurances by the President & CEO and the CFO, similar assurances have been obtained from the Risk Management Working Committee confirming the adequacy and effectiveness of the risk management practices and internal control systems within their respective areas.

For the financial year under review, there were no material control failures or adverse compliance events that directly resulted in any material loss to the Group.

This Statement was approved by the Board of Directors of the Company on 13 April 2026.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no corporate exercises or proposals to raise funds during the financial year ended 31 December 2025 ("FY2025").

2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, Ernst & Young PLT and KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited) in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the FY2025 are as follows:

| | The Company (RM'000) | The Group (RM'000) |
|----------------|----------------------|--------------------|
| Audit fees | 292 | 1,834 |
| Non-audit fees | 189 | 682 |

The non-audit services were mainly for the consultation services rendered in relation to the review of LCT Group's financial statements.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the prospectus of the Company dated 16 June 2017, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the FY2025 or, if not then subsisting, entered into since the end of the previous period.

4. RECURRENT RELATED PARTY TRANSACTIONS

At the 2025 Annual General Meeting of the Company held on 5 May 2025, the Company had obtained a general mandate from its shareholders ("Shareholders' Mandate") for Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature and contracts entered into from time to time which are necessary or would facilitate the day-to-day operations of the Group. The Shareholders' Mandate is valid until the conclusion of the forthcoming 2026 Annual General Meeting.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, details of the RRPTs entered into during the financial year ended 31 December 2025 pursuant to the said Shareholders' Mandate are as follows:

ADDITIONAL COMPLIANCE INFORMATION

| Related Party with whom the Group is transacting | Nature of transactions | Company within the Group involved in RRPTs | Actual value transacted during the financial year | Interested Related Party | Relationship |
|---|--|--|---|--|---|
| LOTTE Chemical Corporation ("LCC") Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Buyer) | Sale of goods, namely polyethylene, polypropylene, butadiene and tert-Butyl alcohol by LCT Group ⁽²⁾ to the LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders | LCT Group ⁽²⁾ (Seller) | USD47,293,759 (equivalent to RM202,205,909) | Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development Co., Ltd. ("LOTTE Property & Development")^(a) Hotel LOTTE Co. Ltd ("Hotel LOTTE")^(a) LOTTE Holdings Co. Ltd ("LOTTE Holdings")^(a) Kojunsha Co., Ltd ("Kwangyoonsa")^(a) Interested Directors <ul style="list-style-type: none"> Jang Seon Pyo^(b) Yu Seung Yong^(b) Park Jae Sun^(b) | ^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Jang Seon Pyo, Yu Seung Yong and Park Jae Sun are LCC's representatives on our Board. |
| LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Payor) | Consignment of trial of LCC's catalyst to PT LCT Nusantara to produce a specific type of polyethylene (metallocene) and sale of a portion of the products by PT LCT Nusantara to the LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholder | PT LOTTE Chemical Titan Nusantara ("PT LCT Nusantara") (Payee) | Nil | Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Jang Seon Pyo^(b) Yu Seung Yong^(b) Park Jae Sun^(b) | ^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Jang Seon Pyo, Yu Seung Yong and Park Jae Sun are LCC's representatives on our Board. |

ADDITIONAL COMPLIANCE INFORMATION

| Related Party with whom the Group is transacting | Nature of transactions | Company within the Group involved in RRPTs | Actual value transacted during the financial year | Interested Related Party | Relationship |
|---|---|--|---|--|---|
| LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Seller) | Purchase of goods, namely polyethylene, polypropylene and catalyst by LCT Group ⁽²⁾ from LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders | LCT Group ⁽²⁾ (Buyer) | USD3,662,144 (equivalent to RM15,150,017) | Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Jang Seon Pyo^(b) Yu Seung Yong^(b) Park Jae Sun^(b) | ^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Jang Seon Pyo, Yu Seung Yong and Park Jae Sun are LCC's representatives on our Board. |
| LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Payee) | Provision of information technology services, information technology equipment rental, information technology systems and licences and purchase of information technology equipment from the LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders to LCT Group ⁽²⁾ | LCT Group ⁽²⁾ (Payor) | USD12,862,273 (equivalent to RM56,472,003) | Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Jang Seon Pyo^(b) Yu Seung Yong^(b) Park Jae Sun^(b) | ^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Jang Seon Pyo, Yu Seung Yong and Park Jae Sun are LCC's representatives on our Board. |

ADDITIONAL COMPLIANCE INFORMATION

| Related Party with whom the Group is transacting | Nature of transactions | Company within the Group involved in RRPTs | Actual value transacted during the financial year | Interested Related Party | Relationship |
|---|---|--|---|--|---|
| PT LOTTE Global Logistics Indonesia (Payee) | Provision of warehouse, logistics, forwarding services and customs clearance by PT LOTTE Global Logistics Indonesia to LCT Group ⁽²⁾ | LCT Group ⁽²⁾ (Payor) | USD5,275,888 (equivalent to RM22,641,611) | Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Jang Seon Pyo^(b) Yu Seung Yong^(b) Park Jae Sun^(b) | ^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Jang Seon Pyo, Yu Seung Yong and Park Jae Sun are LCC's representatives on our Board. |
| LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Licensor) | Payment of royalty for use of trademarks for the performance of its business of manufacturing and selling petrochemical products | LCT Group ⁽²⁾ (Licensee) | USD3,517,189 (equivalent to RM14,758,632) | Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Jang Seon Pyo^(b) Yu Seung Yong^(b) Park Jae Sun^(b) | ^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Jang Seon Pyo, Yu Seung Yong and Park Jae Sun are LCC's representatives on our Board. |

Notes:

⁽¹⁾ LCC Group refers to LOTTE Chemical Corporation and its subsidiaries (excluding LCT Group). LCC is the major shareholder and the holding company of LCT.

⁽²⁾ LCT Group refers to LOTTE Chemical Titan Holding Berhad and its subsidiaries.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the CA in Malaysia.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.



SECTION 7

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities and other information of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

| | Group RM'000 | Company RM'000 |
|---------------------------|-----------------|-------------------|
| Loss net of tax | (2,704,610) | (1,565,312) |
| Attributable to: | | |
| Owners of the Company | (2,107,585) | (1,565,312) |
| Non-controlling interests | (597,025) | - |
| | (2,704,610) | (1,565,312) |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 7, 12 and 13 to the financial statements and in respect of the following:

- (a) Impairment losses arising from property, plant and equipment of the Group amounted to RM1,301,589,000; and
- (b) Impairment losses arising from right-of-use assets of the Group amounted to RM37,404,000.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Abdul Rahman bin Mamat
Jang Seon Pyo**
Ang Ah Leck
Tan Sri Datuk (Dr.) Rafiah binti Salim
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir
Park Jae Sun
Yu Seung Yong**

**These directors are also directors of the Company's subsidiaries.

DIRECTORS' REPORT

DIRECTORS (CONT'D)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Calvin Wiryapranata
Chair Lam Seng
Ching Guey Jing
Cho Jin Woo
Kong Chock Hoon
Robin Wahjudi Handoko
Rudi Repelita
Yim Dong Hee
Jung Myung Chul (Appointed on 2 January 2025; resigned on 15 February 2026)
Lee Young Hoon (Appointed on 2 January 2025)
Yun Jong Gyu (Appointed on 2 January 2025)
Kim Minsung (Appointed on 26 January 2026)
Hong Jongsoo (Appointed on 15 February 2026)
Shim Mi Hyang (Resigned on 2 January 2025)
Choi Kyoungyoon (Resigned on 27 February 2026)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2025 are as follows:

| | From the Company RM'000 | From subsidiary companies RM'000 |
|----------------------|-------------------------------|---|
| Fee | 755 | - |
| Allowances | 124 | - |
| Salaries | - | 6,154 |
| Bonus and allowances | - | 2,790 |
| Benefits-in-kind | - | 2,423 |
| Other emoluments | - | 104 |
| | 879 | 11,471 |

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group are RM100 million and RM217,543, respectively.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

| Name of directors | Number of ordinary shares | | | |
|--|---------------------------|----------|------|------------|
| | 1.1.2025 | Acquired | Sold | 31.12.2025 |
| <i>Direct interest</i> | | | | |
| <i>Ordinary shares of the Company</i> | | | | |
| Tan Sri Dato' Abdul Rahman bin Mamat | 30,000 | - | - | 30,000 |
| Ang Ah Leck | 30,000 | - | - | 30,000 |
| Tan Sri Datuk (Dr.) Rafiah binti Salim | 82,500 | - | - | 82,500 |
| <i>Ordinary shares of ultimate holding company, Lotte Chemical Corporation</i> | | | | |
| Jang Seon Pyo | 1,950 | - | - | 1,950 |
| Yu Seung Yong | 464 | - | - | 464 |
| Park Jae Sun | 168 | - | - | 168 |

The other director in office at the end of the financial year has no interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the financial year.

HOLDING COMPANY

The directors regard Lotte Chemical Corporation, a company incorporated in the Republic of Korea and listed on the Korea Exchange ("KRX"), as its ultimate holding company.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - any contingent liability of the Group or of the Company which has arisen since the end of the financial year, other than as disclosed in Note 38(b) to the financial statements.
- (f) In the opinion of the directors:
- no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
 - no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

The details of the material subsequent events are disclosed in Note 39 to financial statements.

AUDITORS

The auditors, Ernst & Young PLT, retire and are not seeking for re-appointment.

Auditors' remuneration is as follows:

| | Group RM'000 | Company RM'000 |
|---|-----------------|-------------------|
| Ernst & Young PLT | | |
| - Statutory audits | 792 | 292 |
| - Other services | 430 | 189 |
| Other auditors (Ernst & Young Affiliates) | | |
| - Statutory audits | 1,042 | - |
| - Other services | 252 | - |
| | 2,516 | 481 |

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2026.

Jang Seon Pyo

Tan Sri Dato' Abdul Rahman bin Mamat

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Jang Seon Pyo and Tan Sri Dato' Abdul Rahman bin Mamat, being two of the directors of Lotte Chemical Titan Holding Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 161 to 221 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2026.

Jang Seon Pyo

Tan Sri Dato' Abdul Rahman bin Mamat

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ching Guey Jing, being the officer primarily responsible for the financial management of Lotte Chemical Titan Holding Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 161 to 221 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

| | | |
|-------------------------------------|---|------------------------|
| Subscribed and solemnly declared by |) | |
| the abovenamed Ching Guey Jing at |) | |
| Johor Bahru in the State of Johor |) | Ching Guey Jing |
| Darul Takzim on 13 April 2026 |) | (MIA 27393) |

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOTTE CHEMICAL TITAN HOLDING BERHAD (INCORPORATED IN MALAYSIA)

Registration Number: 199101012045 (222357-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lotte Chemical Titan Holding Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 161 to 221.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

- (i) Impairment of property, plant and equipment and right-of-use assets - Group (Refer to Note 3(c), Note 12 and Note 13 to the financial statements)

As at 31 December 2025, the aggregate carrying amount of the Group's property, plant and equipment ("PPE") and right-of-use ("ROU") assets was RM15,566,550,000, representing 71% of the Group's total assets.

Due to the existence of indicators of impairment during the year as a result of the continuous operating losses, the Group has estimated the recoverable amounts based on the value in use of the respective cash-generating units ("CGUs") relating to the PPE and ROU assets and recognised impairment losses of RM1,338,993,000 in the current financial year.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOTTE CHEMICAL TITAN HOLDING BERHAD (INCORPORATED IN MALAYSIA)

Registration Number: 199101012045 (222357-P)

Key audit matters (cont'd)

- (i) Impairment of property, plant and equipment and right-of-use assets - Group (Refer to Note 3(c), Note 12 and Note 13 to the financial statements) (cont'd)

We considered this to be an area of audit focus due to the significance of the amount and the complexity and subjectivity involved in the impairment assessment. Our procedures in reviewing the recoverable amounts of the respective CGUs include, amongst others, the following:

- Obtained an understanding of the Group's process of estimating the recoverable amounts of the CGUs;
- Evaluated and assessed the appropriateness of the methodology and approach applied in determining the recoverable amounts;
- Evaluated the key assumptions applied in respect of plant operating rate, revenue growth and gross margins against external market data and/or historical performance for the respective CGUs;
- Involved our EY valuation specialists in evaluating the discount rate used to determine the present value of the cash flows is appropriate; and
- Evaluated the adequacy of the disclosures as disclosed in Note 3(c), Note 12 and Note 13 to the financial statements.

- (ii) Going concern assessment - Group
(Refer to going concern assumption section in Note 2 to the financial statements)

As disclosed in Note 2, the Group's operations were adversely affected by the prolonged downturn in the petrochemical industry, which has led to an oversupply of petrochemical products and persistently depressed profit margins. Consequently, the Group recorded a net loss of RM2,704,610,000 and generated negative operating cash flows of RM854,463,000 for the financial year ended 31 December 2025.

In addition, subsequent to the financial year, the outbreak of war involving United States-Israel and Iran on 28 February 2026 has disrupted shipping activities through the Strait of Hormuz, a key shipping route for the global energy supply chain. As the Group's feedstock supply is mainly sourced from the Middle East region, the closure of Strait of Hormuz has and will continue to affect the timing, pricing and availability of feedstock supply.

Whilst the Group's existing inventory and confirmed cargoes are expected to support near-term operations, a prolonged disruption will adversely affect the Group's operations, impacting both the cash flows and financial performance of the Group. As the conflict continues to evolve, it is challenging to predict with certainty the duration of the war and the full extent of its impact on the Group's business operations. Accordingly, the Directors have performed scenario planning to help identify risks and build resilience. For each of the scenarios, the Directors prepared a cash flow forecast to assess the Group's liquidity position and ability to continue operations under varying conditions.

The going concern assessment was highly subjective as it is largely based on expectations of, and estimates made by the Directors. Critical to the going concern assessment is the Group's reliance on its ultimate holding company, Lotte Chemical Corporation to act as a corporate guarantor for borrowings and provide financial support to repay the Group's obligations as and when they fall due. Accordingly, we identified going concern assessment as an area requiring audit focus.

In addressing this area of audit focus, we have performed, amongst others, the following procedures:

- We obtained an understanding of the scenario planning performed by the Directors;
- We evaluated the key assumptions applied in respect of plant operating rate and gross margins against historical and current performance of the underlying operations;
- We evaluated the Group's ability to roll over its trade financing by inspecting correspondences with banks and loan agreements;
- We evaluated the intent and ability of its ultimate holding company, Lotte Chemical Corporation, to act as a corporate guarantor for borrowings and providing the necessary financial support;
- In respect of the cash flow forecast prepared by the Directors as part of the Group's contingency plans in the event the Group has to temporarily halt its operation, we obtained an understanding of management's process for identifying unavoidable costs and evaluated the estimated unavoidable costs to historical data and contracts with customers and suppliers. We also evaluated the availability of funds to repay the Group's trade financing during the temporary halt in operations; and
- We evaluated the adequacy of the disclosures in relation to going concern as disclosed in section in Note 2 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOTTE CHEMICAL TITAN HOLDING BERHAD (INCORPORATED IN MALAYSIA)

Registration Number: 199101012045 (222357-P)

Key audit matters (cont'd)

- (iii) Impairment of investments in subsidiaries and an associate - Company
(Refer to Note 3(d), Note 14 and 15 to the financial statements)

As at 31 December 2025, the Company recorded investments in subsidiaries and an associate amounting to RM5,960,602,000 and RM2,135,728,000, respectively. The Company is required to assess at each reporting date whether there is any indication that such investments may be impaired.

Given that certain subsidiaries in Malaysia and Indonesia and an associate in the United States, with carrying amounts net of impairment losses of RM5,870,579,000 and RM2,135,728,000, respectively, continued to incur operating losses, management concluded that indicators of impairment existed for these investments. Accordingly, the Company estimated the recoverable amounts of the respective equity investments based on value in use ("VIU") method, determined through a projected discounted cash flow ("DCF") model.

We considered this to be an area of audit focus due to the significance of the amount and the complexity and subjectivity involved in the impairment assessment. Our procedures in reviewing the recoverable amounts of the respective equity investments include, amongst others, the following:

- Obtained an understanding of the Company's process of estimating the recoverable amounts of the respective equity investments;
- Evaluated and assessed the appropriateness of the methodology and approach applied in determining the recoverable amounts;
- Evaluated the key assumptions applied in respect of plant operating rate, revenue growth, gross margins and terminal growth rate against external market data and/or historical performance for the respective equity investments;
- Involved our EY valuation specialists in evaluating the discount rate used to determine the present value of the cash flows is appropriate; and
- Evaluated the adequacy of the disclosures as disclosed in Note 3(d), Note 14 and 15 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOTTE CHEMICAL TITAN HOLDING BERHAD (INCORPORATED IN MALAYSIA)

Registration Number: 199101012045 (222357-P)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Johor Bahru, Malaysia
Date: 13 April 2026

Lee Ming Li
02983/03/2028 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2025

| | Note | Group | | Company | |
|--|-------|--------------------|----------------|--------------------|----------------|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Revenue | 4 | 7,941,302 | 7,435,031 | 76,320 | - |
| Cost of sales | 5 | (8,717,445) | (8,080,214) | - | - |
| Gross (loss)/profit | | (776,143) | (645,183) | 76,320 | - |
| Other income | | 24,478 | 53,650 | - | - |
| Gain arising from liquidation of subsidiaries | | - | - | - | 498,087 |
| Distribution expenses | | (100,460) | (73,876) | - | - |
| Administrative expenses | | (154,495) | (154,545) | (5,196) | (5,378) |
| Foreign exchange differences | | (28,752) | (34,731) | (3) | (3) |
| Fair value changes on derivatives | | (35) | 85 | - | - |
| Impairment losses on property, plant and equipment and right-of-use assets | | (1,338,993) | (940,233) | - | - |
| Impairment losses on investments in subsidiaries | | - | - | (1,636,547) | (172,964) |
| Foreign exchange gain from dissolution of a subsidiary | | - | 469,952 | - | - |
| Other expenses | | (6,105) | (9,117) | - | - |
| (Loss)/profit from operations | | (2,380,505) | (1,333,998) | (1,565,426) | 319,742 |
| Finance income | | 17,764 | 15,867 | 150 | 143 |
| Finance costs | 6 | (278,602) | (58,984) | (2) | (1) |
| Net finance (costs)/income | | (260,838) | (43,117) | 148 | 142 |
| Share of results of an associate | 15 | (54,665) | (192,317) | - | - |
| (Loss)/profit before tax | 7 | (2,696,008) | (1,569,432) | (1,565,278) | 319,884 |
| Income tax (expense)/credit | 10 | (8,602) | 271,494 | (34) | - |
| (Loss)/profit net of tax | | (2,704,610) | (1,297,938) | (1,565,312) | 319,884 |
| Other comprehensive (loss)/income, net of tax | | | | | |
| Item that will not be reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of defined benefit obligation | | (331) | (1,045) | - | - |
| Item that may be reclassified subsequently to profit or loss: | | | | | |
| Foreign currency translation differences | | (1,096,476) | (432,158) | - | - |
| Recycling of foreign exchange reserve to profit or loss on dissolution of a subsidiary | 22(a) | - | (469,952) | - | - |
| Cash flow hedge | 32(f) | 8,633 | 21,040 | - | - |
| | | (1,088,174) | (882,115) | - | - |
| Total comprehensive (loss)/income for the year | | (3,792,784) | (2,180,053) | (1,565,312) | 319,884 |

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2025

| | Note | Group | | Company | |
|--|------|--------------------|--------------------|--------------------|----------------|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| (Loss)/profit net of tax attributable to: | | | | | |
| Owners of the Company | | (2,107,585) | (1,263,460) | (1,565,312) | 319,884 |
| Non-controlling interests | | (597,025) | (34,478) | - | - |
| | | (2,704,610) | (1,297,938) | (1,565,312) | 319,884 |
| Total comprehensive (loss)/income for the year attributable to: | | | | | |
| Owners of the Company | | (2,905,610) | (2,048,969) | (1,565,312) | 319,884 |
| Non-controlling interests | | (887,174) | (131,084) | - | - |
| | | (3,792,784) | (2,180,053) | (1,565,312) | 319,884 |
| Basic and diluted loss per ordinary share (sen) | 11 | (92.54) | (55.47) | | |

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

| | Note | Group | | Company | |
|--|------|-------------------|-------------------|------------------|------------------|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | 15,090,721 | 17,239,471 | - | - |
| Right-of-use assets | 13 | 475,829 | 588,767 | - | - |
| Investments in subsidiaries | 14 | - | - | 5,960,602 | 7,533,834 |
| Investment in an associate | 15 | 1,948,558 | 2,202,084 | 2,135,728 | 2,135,728 |
| Non-current tax assets | | 47,582 | 75,173 | - | - |
| Other receivables | 16 | 7,389 | 7,649 | - | - |
| Deferred tax assets | 17 | 15,159 | 10,921 | - | - |
| | | 17,585,238 | 20,124,065 | 8,096,330 | 9,669,562 |
| Current assets | | | | | |
| Trade and other receivables | 16 | 1,088,113 | 989,758 | 132 | 5 |
| Inventories | 18 | 2,068,804 | 1,533,190 | - | - |
| Current tax assets | | 101,158 | 110,202 | 1,601 | 1,691 |
| Prepayments | | 37,788 | 61,608 | 39 | 20 |
| Derivative financial instruments | 29 | - | 32 | - | - |
| Other investment | 19 | 32,348 | 12,748 | - | - |
| Cash and bank balances | 20 | 907,585 | 467,498 | 11,330 | 3,752 |
| | | 4,235,796 | 3,175,036 | 13,102 | 5,468 |
| Total assets | | 21,821,034 | 23,299,101 | 8,109,432 | 9,675,030 |
| Equity and liabilities | | | | | |
| Capital and reserves | | | | | |
| Share capital | 21 | 5,827,149 | 5,827,149 | 5,827,149 | 5,827,149 |
| Treasury shares | 21 | (226,252) | (226,252) | (226,252) | (226,252) |
| Other reserves | 22 | 901,760 | 1,699,152 | - | - |
| Retained earnings | 23 | 9,630 | 2,117,848 | 2,506,384 | 4,071,696 |
| Total equity attributable to owners of the Company | | 6,512,287 | 9,417,897 | 8,107,281 | 9,672,593 |
| Non-controlling interests | | 2,493,231 | 3,380,405 | - | - |
| Total equity | | 9,005,518 | 12,798,302 | 8,107,281 | 9,672,593 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 17 | 2,681 | - | - | - |
| Provisions | 24 | 285,272 | 342,989 | - | - |
| Loans and borrowings | 26 | 8,714,202 | 8,234,621 | - | - |
| Defined benefit obligation | 27 | 22,937 | 22,991 | - | - |
| Lease liabilities | 28 | 6,850 | 10,284 | - | - |
| | | 9,031,942 | 8,610,885 | - | - |

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

| | Note | Group | | Company | |
|-------------------------------------|------|-------------------|-------------------|------------------|------------------|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Current liabilities | | | | | |
| Trade and other payables | 25 | 1,170,731 | 1,109,141 | 2,151 | 2,437 |
| Current tax liabilities | | 5,943 | 2,719 | - | - |
| Loans and borrowings | 26 | 2,597,639 | 757,442 | - | - |
| Lease liabilities | 28 | 9,261 | 11,976 | - | - |
| Derivative financial instruments | 29 | - | 8,636 | - | - |
| | | 3,783,574 | 1,889,914 | 2,151 | 2,437 |
| Total liabilities | | 12,815,516 | 10,500,799 | 2,151 | 2,437 |
| Total equity and liabilities | | 21,821,034 | 23,299,101 | 8,109,432 | 9,675,030 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2025

| | Attributable to owners of the Company | | Distributable | | Attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---------------------------------------|-----------------|---|--------------------------------------|---------------------------------------|--------------------------|--------------|
| | Share capital | Treasury shares | Equity transaction reserve/Other reserves | Foreign currency translation reserve | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | |
| At 1 January 2024 | 5,827,149 | (226,252) | 26,539 | 2,475,860 | 3,411,037 | 11,499,199 | 3,511,489 |
| Net loss for the year | - | - | - | - | (1,263,460) | (1,263,460) | (34,478) |
| Other comprehensive (loss)/income | - | - | - | (795,435) | (805) | (785,509) | (96,606) |
| Total comprehensive (loss)/income for the year | - | - | - | (795,435) | (1,264,265) | (2,048,969) | (131,084) |
| Reclassification* | - | - | - | 28,924 | (28,924) | - | - |
| Capital adjustment arising from dilution loss on investment in an associate | - | - | (32,436) | 103 | - | (32,333) | - |
| At 31 December 2024 | 5,827,149 | (226,252) | (5,897) | 1,709,452 | 2,117,848 | 9,417,897 | 3,380,405 |
| At 1 January 2025 | 5,827,149 | (226,252) | (5,897) | 1,709,452 | 2,117,848 | 9,417,897 | 3,380,405 |
| Net loss for the year | - | - | - | - | (2,107,585) | (2,107,585) | (597,025) |
| Other comprehensive (loss)/income | - | - | - | (801,795) | (633) | (798,025) | (290,149) |
| Total comprehensive (loss)/income for the year | - | - | - | (801,795) | (2,108,218) | (2,905,610) | (887,174) |
| At 31 December 2025 | 5,827,149 | (226,252) | (5,897) | 907,657 | 9,630 | 6,512,287 | 2,493,231 |

* Being reclassification of foreign exchange reserve to retained earnings on dissolution of subsidiaries in prior years.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2025

| | Non-distributable reserves | | Distributable Retained earnings | Total equity |
|---|----------------------------|-----------------|---------------------------------|--------------|
| | Share capital | Treasury shares | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Company | | | | |
| At 1 January 2024 | 5,827,149 | (226,252) | 3,751,812 | 9,352,709 |
| Net profit for the year, representing total comprehensive income for the year | - | - | 319,884 | 319,884 |
| At 31 December 2024 | 5,827,149 | (226,252) | 4,071,696 | 9,672,593 |
| At 1 January 2025 | 5,827,149 | (226,252) | 4,071,696 | 9,672,593 |
| Net loss for the year, representing total comprehensive loss for the year | - | - | (1,565,312) | (1,565,312) |
| At 31 December 2025 | 5,827,149 | (226,252) | 2,506,384 | 8,107,281 |

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2025

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from operating activities | | | | |
| (Loss)/profit before tax | (2,696,008) | (1,569,432) | (1,565,278) | 319,884 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 465,416 | 494,113 | - | - |
| Depreciation of right-of-use assets | 22,909 | 22,853 | - | - |
| Finance costs | 278,602 | 58,984 | 2 | 1 |
| Property, plant and equipment written off | 845 | 1,403 | - | - |
| Impairment losses on: | | | | |
| - Property, plant and equipment | 1,301,589 | 902,111 | - | - |
| - Right-of-use assets | 37,404 | 38,122 | - | - |
| Loss/(gain) on derecognition in respect of right-of-use assets | 2 | (2) | - | - |
| Costs recognised in respect of defined benefit plan | 5,682 | 4,534 | - | - |
| Inventories: | | | | |
| - Written off | 169 | 270 | - | - |
| - Provision for obsolete consumables | 5,735 | 4,875 | - | - |
| - Write-down/(reversal) to net realisable value | 113,092 | (27,564) | - | - |
| Share of results of an associate | 54,665 | 192,317 | - | - |
| Allowance/(reversal of allowance) on trade receivables | 5,949 | (1,802) | - | - |
| Gain on disposal of property, plant and equipment | (56) | (1,133) | - | - |
| Finance income | (17,764) | (15,867) | (150) | (143) |
| Fair value changes in derivatives | 35 | (85) | - | - |
| Unrealised (gain)/loss on foreign exchange | (514) | 17,056 | 3 | 2 |
| Foreign exchange gain from dissolution of a subsidiary | - | (469,952) | - | - |
| Impairment losses on investments in subsidiaries | - | - | 1,636,547 | 172,964 |
| Dividend income | - | - | (76,320) | - |
| Gain arising from liquidation of a subsidiary | - | - | - | (498,087) |
| Total adjustments | 2,273,760 | 1,220,233 | 1,560,082 | (325,263) |
| Operating loss before working capital changes | (422,248) | (349,199) | (5,196) | (5,379) |
| Change in inventories | (832,029) | (156,620) | - | - |
| Change in trade and other receivables | (147,557) | (60,306) | (65) | 63 |
| Change in trade and other payables | 566,234 | 164,577 | (284) | (40) |
| Cash used in operations | (835,600) | (401,548) | (5,545) | (5,356) |
| Payments under defined benefit plan | (2,723) | (3,054) | - | - |
| Finance costs paid | (16,681) | (5,003) | (2) | (1) |
| Income tax refunded/(paid) | 541 | (11,916) | (25) | (71) |
| Net cash used in operating activities | (854,463) | (421,521) | (5,572) | (5,428) |

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2025

| | Group | | Company | |
|--|--------------------|--------------------|---------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from investing activities | | | | |
| Finance income received | 17,764 | 15,867 | 150 | 143 |
| Lease payment received | 258 | 257 | - | - |
| Proceeds from disposal of property, plant and equipment | 56 | 1,944 | - | - |
| Acquisition of property, plant and equipment | (1,182,949) | (2,510,537) | - | - |
| Repayment of interest expenses capitalised in property, plant and equipment | (467,499) | (601,266) | - | - |
| Investment in a subsidiary | - | - | (63,315) | - |
| Fund redemption from/(placement to) other investments | (19,600) | (242) | - | - |
| Dividend income received | - | - | 76,320 | - |
| Net cash (used in)/generated from investing activities | (1,651,970) | (3,093,977) | 13,155 | 143 |
| Cash flows from financing activities | | | | |
| Interest paid on loans and borrowings | (233,580) | (35,674) | - | - |
| Net proceeds from loans and borrowings | 3,261,979 | 3,307,298 | - | - |
| Payment of lease liabilities | (14,107) | (12,884) | - | - |
| Net cash generated from financing activities | 3,014,292 | 3,258,740 | - | - |
| Net increase/(decrease) in cash and cash equivalents | 507,859 | (256,758) | 7,583 | (5,285) |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | (67,772) | (36,408) | (5) | (2) |
| Cash and cash equivalents at beginning of year | 467,498 | 760,664 | 3,752 | 9,039 |
| Cash and cash equivalents at end of year (Note 20) | 907,585 | 467,498 | 11,330 | 3,752 |

(a) Cash outflows for leases as a lessee

| | Group | |
|---|---------------|---------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Included in net cash from operating activities | | |
| Payment relating to short-term leases (Note 7) | 8,111 | 9,849 |
| Payment relating to leases of low-value assets (Note 7) | 514 | 240 |
| Interest paid in relation to lease liabilities (Note 6) | 1,716 | 1,574 |
| Included in net cash from financing activities | | |
| Payment of lease liabilities | 14,107 | 12,884 |
| Total cash outflows for leases | 24,448 | 24,547 |

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2025

(b) Acquisition of property, plant and equipment

During the financial year, the Group purchased property, plant and equipment with an aggregated cost of RM1,273 million (2024: RM2,834 million). Reconciliation of the acquisition cost in the property, plant and equipment as disclosed in Note 12 and statements of cash flows are as follows:

| | Group | |
|---|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Additions of property, plant and equipment (Note 12) | 1,273,335 | 2,833,618 |
| Adjustment for non-cash items: | | |
| Accruals movement | 414,686 | 335,812 |
| Amortisation of transaction costs (Note 12) | (29,759) | (29,921) |
| Borrowing costs capitalised (Note 12) | (465,192) | (603,136) |
| Depreciation of right-of-use assets capitalised (Note 13) | (10,121) | (25,836) |
| Acquisition of property, plant and equipment | 1,182,949 | 2,510,537 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

1. CORPORATE INFORMATION

The Company is a public company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Lot 29.01, Level 29, Powerhouse, No.1 Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at PLO 312, Jalan Tembaga 4, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company, its subsidiaries and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2025 do not include other entities.

The Company is an investment holding company. The principal activities and other information of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

The Company's ultimate holding company is Lotte Chemical Corporation, a public company incorporated in the Republic of Korea and listed on the Korea Exchange ("KRX").

2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with MFRS Accounting Standards ("MFRSs"), IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

The consolidated financial statements have been prepared on the historical cost basis, unless otherwise indicated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Except when indicated otherwise, all values are rounded to the nearest thousand ("RM'000").

Going concern assumption

The Group's operations were adversely affected by the prolonged downturn in the petrochemical industry, which has led to an oversupply of petrochemical products and persistently depressed profit margins. Consequently, the Group recorded a net loss of RM2,704,610,000 and generated negative operating cash flows of RM854,463,000 for the financial year ended 31 December 2025.

In addition, as set out in Note 39, subsequent to the financial year, the outbreak of war involving United States-Israel and Iran on 28 February 2026 has disrupted shipping activities through the Strait of Hormuz, a key shipping route for the global energy supply chain. As the Group's feedstock supply is mainly sourced from the Middle East region, the closure of Strait of Hormuz has and will continue to affect the timing, pricing and availability of feedstock supply.

Whilst the Group's existing inventory and confirmed cargoes are expected to support the Group's near-term operations, a prolonged disruption will adversely affect the Group's operations, impacting both the cash flows and financial performance of the Group.

The above events and conditions may cast significant doubt that the Group may not be able to continue as a going concern. Accordingly, Group has undertaken and is continuing to undertake the following actions:

- (i) engaging with suppliers and trading partners to secure shipment of feedstock supply and assess alternative sourcing options where feasible;
- (ii) optimising feedstock utilisation and production planning in line with market demand, taking into the availability of feedstock;
- (iii) implementing cost optimisation and margin improvement initiatives, including securing competitively priced feedstock and expanding higher value-added and premium products;
- (iv) actively monitoring the availability and utilisation of committed loan facilities and relying on the ongoing support from existing lenders; and

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

2. BASIS OF PREPARATION (CONT'D)

Going concern assumption (cont'd)

- (v) relying on its ultimate holding company, Lotte Chemical Corporation to act as a corporate guarantor for borrowings and provide financial support, where necessary.

As the conflict continues to evolve, it is challenging to predict with certainty the duration of the war and the full extent of its impact on the Group's business operations. Accordingly, the Directors have performed scenario planning to help identify risks and build resilience.

In a less favourable situation where the Group is unable to secure sufficient feedstock, the Directors have formulated specific contingency plans which may include the possibility of a temporary halt in operations. The Group will continuously track indicators to recognise which scenario is unfolding and adjust its risk mitigation strategies accordingly.

Based on the cash flow forecast prepared for all the scenarios, which include obtaining financial support from the ultimate holding company in due course, and after consideration of the mitigating measures mentioned above, the Directors concluded that there is no material uncertainty on the Group's and the Company's ability to continue as going concerns. Accordingly, the Directors have prepared the financial statements of the Group and of the Company on a going concern basis.

Standards and Amendments issued but not yet effective

The following are accounting standards, amendments and annual improvements of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to MFRS 9: Financial Instruments and MFRS 7: Financial Instruments: Disclosures | |
| - Classification and Measurement of Financial Instruments | 1 January 2026 |
| - Contracts Referencing Nature-dependent Electricity | 1 January 2026 |
| Annual Improvements to MFRS Accounting Standards - Volume 11 | 1 January 2026 |
| MFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |
| MFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| MFRS121:The Effects of Changes in Foreign Exchange Rates | |
| - Translation to a Hyperinflationary Presentation Currency | 1 January 2027 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The directors expect that the adoption of the above standards and amendments, where applicable, will have no material impact on the financial statements of the Group and the Company in the period of initial application except for the changes in the presentation and disclosures of financial information arising from the adoption of the MFRS as discussed below:

(i) MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 will replace MFRS 101 Presentation of Financial Statements. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flow and some requirements of MFRS 101 have been moved to MFRS 108 Basis of Preparation of Financial Statements.

MFRS 18 additional requirements are as follows:

- (i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined "operating profit or loss" and "profit or loss before financing and income tax" subtotal which are to be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

2. BASIS OF PREPARATION (CONT'D)

Standards and Amendments issued but not yet effective (cont'd)**(i) MFRS 18 Presentation and Disclosure in Financial Statements (cont'd)**

MFRS 18 additional requirements are as follows: (cont'd)

(ii) Statement of Cash Flow

The standard modifies the starting point for calculating cash flows from operations using the indirect method, shifting from "profit or loss" to "operating profit or loss". It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New Disclosures of Expenses by Nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures ("MPMs")

The standard requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Valuation of inventories

A review is made periodically on inventory for declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the cost of completion of raw materials and work-in-progress based on existing raw materials on hand and then compare to the net realisable value. In any case the realisable value represents the recoverable amount and is based on the acceptable evidence available at the end of the financial year. The key estimate involved in determining the cost of completion of raw materials and work-in-progress is the production yield used to estimate the cost of conversion. In general, such process requires judgement and materially affects the carrying amount of inventories at the end of the financial year. Possible changes in the key estimate could result in revisions to the stated value of the inventories.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Provisions

The Group has recognised a provision for dismantling and removing its manufacturing facilities from its leased sites. In determining the amount of the provision, assumptions and estimates are made in relation to the discount rate applied, expected dismantling and removal costs (which will incorporate expected future inflation rates), and expected timing of those costs.

Subsidiaries within the Group apply estimation techniques that reflect their local regulatory requirements and operational circumstances, including (i) a bottom-up engineering assessment of expected dismantling activities and (ii) a benchmark approach derived from applying a percentage of the Estimated New Replacement Value ("ENRV") of the manufacturing facilities. These estimated future costs of dismantling are reviewed annually and adjusted as appropriate. Further details on the key assumptions are disclosed in Note 24.

At the reporting date, sensitivity of management's estimates and its impacts on the outstanding liabilities balance as at the end of the year are disclosed below:

| | Group | |
|-----------------------------|---------------------|----------|
| | Increase/(decrease) | |
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Inflation rate: | | |
| - Higher by 10% | 21,573 | 30,709 |
| - Lower by 10% | (20,056) | (28,277) |
| Discount rate: | | |
| - Higher by 10% | (31,057) | (37,705) |
| - Lower by 10% | 35,346 | 42,569 |
| Estimated dismantling cost: | | |
| - Higher by 10% | 28,527 | 34,299 |
| - Lower by 10% | (28,527) | (34,299) |

(c) Impairment of property, plant and equipment and right-of-use assets

The aggregate carrying amount of the Group's property, plant and equipment ("PPE") and right-of-use ("ROU") assets was RM15,566,550,000 (2024: RM17,828,238,000), representing 71% (2024: 77%) of the Group's total assets.

As required by MFRS 136 *Impairment of Assets*, management performed an impairment indicator review and assessed that there were objective evidences or indications that the PPE and ROU in cash generating unit ("CGU") (as indicated below) may be impaired as a result of continuous operating losses and prolonged market recovery for the petrochemical industry.

List of CGUs subject to impairment review

- (a) Integrated petrochemical plants located in Pasir Gudang and Tanjung Langsat, Malaysia ("Malaysia integrated plants CGU")
- (b) LOTTE Chemical Indonesia New Ethylene Project located in Merak, Indonesia ("Indonesia LINE plants CGU")
- (c) Polyethylene plants located in Merak, Indonesia ("PE Merak plants CGU")

In performing the impairment assessment of the respective CGUs, management applied their judgement in determining the appropriate method in estimating recoverable amounts of respective CGUs based on value-in-use ("VIU") method using a projected discounted cash flow ("DCF") model.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Impairment of property, plant and equipment and right-of-use assets (cont'd)

The key assumptions used to determine the recoverable amounts for the CGUs, including the result of the assessment, are disclosed as follows:

- (i) Remaining or estimated useful lives and pre-tax discount rate applied in determining the VIU of respective CGUs are as follows:

| Cash generating unit ("CGU") | Remaining/Estimated useful lives (years) | Pre-tax discount rate(%) |
|------------------------------|--|--------------------------|
| Malaysia integrated plants | 18 (2024: 19) | 13.0 (2024: 12.7) |
| Indonesia LINE plants | 29 (2024: 30) | 11.4 (2024: 11.2) |
| PE Merak plants | 12 (2024: 13) | 17.5 (2024: 13.5) |

- (ii) The forecast margin spreads between the prices of the finished goods and feedstock price and forecast plant operating rate are determined by reference to the external market data and/or historical performance for the respective CGUs.

As a result of the assessment, management determined that the recoverable amounts of the Malaysia integrated plants and the Indonesia LINE plants were lower than their respective net carrying amounts as at 31 December 2025. Accordingly, impairment losses of RM848,689,000 and RM490,304,000 were recognised for the Malaysia integrated plants and the Indonesia LINE plants, respectively, in the current financial year.

No impairment loss is recognised for Indonesia PE Merak plants as the recoverable amount is assessed to be higher than its net carrying amount as at 31 December 2025.

Impact of the Middle East Conflict

As set out in Note 39, the Middle East Conflict which started on 28 February 2026 has disrupted shipping activities through the Strait of Hormuz, a key shipping route for the global energy supply chain. As the Group's feedstock supply is mainly sourced from the Middle East region, these developments will affect the timing, pricing and availability of feedstock supply. While existing inventory and confirmed cargoes are expected to support near term operations, a prolonged disruption will adversely affect the Group's operations, cash flows and financial performance.

The conflict is not an adjusting post balance sheet event. The calculation of VIUs for the CGUs as described above have been made based on conditions existing at 31 December 2025 and did not take into consideration the impact of the Middle East Conflict.

There is a significant risk that the key assumptions applied in the impairment assessment would need to be revised which may result in material adjustment to the net carrying amounts of the CGUs, within the next financial year.

(d) Impairment of investments in subsidiaries and an associate

The Company assesses at each reporting date whether there is any indication of impairment for its investments in subsidiaries and an associate and performs a review whenever events or changes in circumstances suggest that the carrying amounts may not be recoverable.

Given that certain subsidiaries in Malaysia and Indonesia and an associate in the United States, with carrying amounts net of impairment losses of RM5,870,579,000 and RM2,135,728,000, respectively, continued to incur operating losses, management concluded that indicators of impairment existed for these investments. Accordingly, the Company estimated the recoverable amounts of the respective equity investments based on value in use ("VIU") method, determined through a projected discounted cash flow ("DCF") model.

The impairment assessment requires significant management judgement, particularly in determining the key assumptions and inputs used in the DCF model. Changes in these estimates could materially affect the carrying amounts of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Impairment of investments in subsidiaries and an associate (cont'd)

The key assumptions used to determine the recoverable amounts of the equity investments, including the result of the assessment, are disclosed as follows:

- (i) Pre-tax discount rate was applied in determining the recoverable amounts of the respective equity investments as follows:

| Equity investment | Pre-tax discount rate (%) |
|---|----------------------------|
| Lotte Chemical Titan (M) Sdn. Bhd. ("LCTM") | 11.4 (2024: 11.4) |
| PT Lotte Chemical Indonesia ("LCI") | 11.4 (2024: 11.2) |
| Lotte Chemical Titan International Sdn. Bhd. ("LCTISB") | 15.6 (2024: 12.8) |
| Lotte Chemical USA Corporation ("LCUC") | 9.3 (2024: Not applicable) |

- (ii) The forecast margin spreads between the prices of the finished goods and feedstock price and forecast plant operating rate are determined by reference to the external market data and/or historical performance for the respective equity investments; and

- (iii) The terminal value at the end of cash flows projection is calculated using the perpetual growth model, based on the estimated maintainable cash flows for terminal year. No growth rate has been applied in the calculation of terminal value as the cash flows are projected to remain relatively constant into perpetuity.

As a result of the assessment, management determined that the recoverable amounts of the investments in LCTM and LCI were lower than the respective net carrying amounts as at 31 December 2025. Accordingly, impairment losses of RM1,636,547,000 were recognised in the current financial year.

No impairment losses are recognised for LCTISB and LCUC as the recoverable amounts of these investments are assessed to be higher than their respective net carrying amounts as at 31 December 2025.

Impact of the Middle East Conflict

As set out in Note 39, the Middle East Conflict which started on 28 February 2026 have disrupted shipping activities through the Strait of Hormuz, a key shipping route for the global energy supply chain. As certain subsidiaries' feedstock supply are mainly sourced from the Middle East region, these developments will affect the timing, pricing and availability of feedstock supply. While existing inventory and confirmed cargoes are expected to support near term operations, a prolonged disruption will adversely affect the Group's operations, cash flows and financial performance.

The conflict is not an adjusting post balance sheet event. The calculation of VIUs for the investments as described above have been made based on conditions existing at 31 December 2025 and did not take into consideration the impact of the Middle East Conflict.

There is a significant risk that the key assumptions applied in the impairment assessment would need to be revised which may result in material adjustment to the carrying amounts of the investments, within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

4. REVENUE

Revenue is measured at the fair value of consideration received or receivable.

| | Group | | Company | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Sales of goods | 7,941,302 | 7,435,031 | - | - |
| Dividend income from a subsidiary | - | - | 76,320 | - |
| | 7,941,302 | 7,435,031 | 76,320 | - |

Sales of goods

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | Olefins and derivative products | Polyolefin products | Total | Percentage |
|--|---------------------------------------|------------------------|------------------|------------|
| | RM'000 | RM'000 | RM'000 | % |
| 31 December 2025 | | | | |
| Geographical markets | | | | |
| Malaysia | 312,552 | 1,777,528 | 2,090,080 | 26 |
| Indonesia | 479,901 | 2,199,953 | 2,679,854 | 33 |
| China | 147,585 | 259,013 | 406,598 | 5 |
| Southeast Asia | 1,320,971 | 406,684 | 1,727,655 | 22 |
| Northeast Asia | 752,856 | 94,018 | 846,874 | 11 |
| Indian Sub-Continent | 24,798 | 119,225 | 144,023 | 2 |
| Others | 26,644 | 19,574 | 46,218 | 1 |
| Total revenue from contracts with customers | 3,065,307 | 4,875,995 | 7,941,302 | 100 |

| | Olefins and derivative products | Polyolefin products | Total | Percentage |
|--|---------------------------------------|------------------------|------------------|------------|
| | RM'000 | RM'000 | RM'000 | % |
| 31 December 2024 | | | | |
| Geographical markets | | | | |
| Malaysia | 395,525 | 2,235,301 | 2,630,826 | 35 |
| Indonesia | 48,817 | 2,538,633 | 2,587,450 | 35 |
| China | 200,302 | 192,663 | 392,965 | 5 |
| Southeast Asia | 651,534 | 505,571 | 1,157,105 | 16 |
| Northeast Asia | 297,403 | 151,825 | 449,228 | 6 |
| Indian Sub-Continent | 8,688 | 168,530 | 177,218 | 2 |
| Others | - | 40,239 | 40,239 | 1 |
| Total revenue from contracts with customers | 1,602,269 | 5,832,762 | 7,435,031 | 100 |

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

4. REVENUE (CONT'D)

Sales of goods (cont'd)

The following describes the performance obligation in contracts with customers:

The Group contracts with its customers for sales of petrochemical products and polyolefin resins. Revenue from sales of goods is recognised at the point when control of the asset is transferred to the customer, generally upon the transfer of significant risks and rewards of ownership of the goods to the customer. Payment is generally due within 30 to 90 days from transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

5. COST OF SALES

| | Group | |
|---------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Cost of inventories sold | 8,695,909 | 8,056,343 |
| Cost of delivery services | 21,536 | 23,871 |
| | 8,717,445 | 8,080,214 |

6. FINANCE COSTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Interest expense on: | | | | |
| - Loans and borrowings (Note 26) | 698,772 | 638,810 | - | - |
| - Lease liabilities (Note 28) | 1,716 | 1,574 | - | - |
| Bank charges | 2,954 | 2,398 | 2 | 1 |
| Letter of credit charges | 12,011 | 1,031 | - | - |
| Unwinding of discount on provisions (Note 24) | 16,059 | 18,307 | - | - |
| Amortisation of transaction costs | 42,041 | 29,921 | - | - |
| | 773,553 | 692,041 | 2 | 1 |
| Less: Amounts capitalised in property, plant and equipment (Note 12) | | | | |
| - Borrowing costs | (465,192) | (603,136) | - | - |
| - Amortisation of transaction costs | (29,759) | (29,921) | - | - |
| | (494,951) | (633,057) | - | - |
| | 278,602 | 58,984 | 2 | 1 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

7. (LOSS)/PROFIT BEFORE TAX

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/profit before tax is arrived at after charging/ (crediting): | | | | |
| Depreciation of: | | | | |
| - Property, plant and equipment (Note 12) | 465,416 | 494,113 | - | - |
| - Right-of-use-assets (Note 13) | 22,909 | 22,853 | - | - |
| Employee benefits expense (Note 8) | 234,975 | 213,208 | - | - |
| Expenses relating to: | | | | |
| - Short-term leases (a) | 8,111 | 9,849 | - | - |
| - Leases of low-value assets (a) | 514 | 240 | - | - |
| Loss/(gain) on foreign exchange: | | | | |
| - Realised | 29,266 | 17,675 | - | 1 |
| - Unrealised | (514) | 17,056 | 3 | 2 |
| | 28,752 | 34,731 | 3 | 3 |
| Auditors' remuneration: | | | | |
| - Statutory audits | 1,834 | 1,606 | 292 | 293 |
| - Other services | 682 | 580 | 189 | 189 |
| Property, plant and equipment written off | 845 | 1,403 | - | - |
| Gain on disposal of property, plant and equipment | (56) | (1,133) | - | - |
| Impairment losses on: | | | | |
| - Property, plant and equipment (Note 12) | 1,301,589 | 902,111 | - | - |
| - Right-of-use assets (Note 13) | 37,404 | 38,122 | - | - |
| Lease rental income | (954) | (3,079) | - | - |
| Compensation receivable for pipeline termination | - | (28,486) | - | - |
| Allowance/(reversal of allowance) on trade receivables (Note 16) | 5,949 | (1,802) | - | - |
| Inventories: | | | | |
| - Written off | 169 | 270 | - | - |
| - Provision for obsolete consumables | 5,735 | 4,875 | - | - |
| - Write-down/(reversal) to net realisable value | 113,092 | (27,564) | - | - |
| Loss/(gain) on derecognition in respect of right-of- use assets | 2 | (2) | - | - |
| Fair value changes in derivatives | 35 | (85) | - | - |
| Foreign exchange gain from dissolution of a subsidiary | - | (469,952) | - | - |
| Impairment losses on investments in subsidiaries (Note 14) | - | - | 1,636,547 | 172,964 |
| Gain arising from liquidation of a subsidiary | - | - | - | (498,087) |

(a) Expenses relating to short-term leases/low-value assets

The Group leases machinery, equipments, hostel accommodation, motor vehicles and office equipments. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

8. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|--------------------------------|---------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Wages and salaries | 207,967 | 188,021 |
| Defined contribution plan | 17,863 | 17,556 |
| Defined benefit plan (Note 27) | 5,682 | 4,534 |
| Social security contributions | 3,463 | 3,097 |
| | 234,975 | 213,208 |

Included in employee benefits expense of the Group is executive directors' remuneration as disclosed in Note 9.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employer Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The Group's subsidiaries in Indonesia are required to participate in a defined benefit plan for qualifying employees as disclosed in Note 27.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors of the Group and the Company | | | | |
| Executive: | | | | |
| Salaries | 1,122 | 1,536 | - | - |
| Bonus and allowances | 978 | 1,156 | - | - |
| Benefits-in-kind | 413 | 396 | - | - |
| Other emoluments | 99 | 16 | - | - |
| | 2,612 | 3,104 | - | - |
| Directors of the Group and the Company | | | | |
| Non-executive: | | | | |
| Fees | 755 | 839 | 755 | 839 |
| Allowances | 124 | 119 | 124 | 119 |
| | 879 | 958 | 879 | 958 |

Directors of the Group and the Company**Non-executive:**

| | | | | |
|------------|-----|-----|-----|-----|
| Fees | 755 | 839 | 755 | 839 |
| Allowances | 124 | 119 | 124 | 119 |
| | 879 | 958 | 879 | 958 |

Other directors of subsidiaries**Executive:**

| | | | | |
|----------------------|-------|-------|---|---|
| Salaries | 5,032 | 5,449 | - | - |
| Bonus and allowances | 1,812 | 1,985 | - | - |
| Benefits-in-kind | 2,010 | 1,128 | - | - |
| Other emoluments | 5 | 2 | - | - |
| | 8,859 | 8,564 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

9. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

| | Group | | Company | |
|-----------------------------|---------------|---------------|------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other key management | | | | |
| Executive: | | | | |
| Salaries | 1,379 | 1,527 | - | - |
| Bonus and allowances | 765 | 850 | - | - |
| Benefits-in-kind | 130 | 124 | - | - |
| Other emoluments | 46 | 68 | - | - |
| | 2,320 | 2,569 | - | - |
| | 14,670 | 15,195 | 879 | 958 |

10. INCOME TAX EXPENSE/(CREDIT)

| | Group | | Company | |
|---|----------------|------------------|-----------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | | | | |
| Current year | 11,775 | 10,407 | 34 | - |
| Underprovision in prior year | 18 | 99 | - | - |
| | 11,793 | 10,506 | 34 | - |
| Deferred tax (Note 17) | | | | |
| Origination and reversal of temporary differences | (3,191) | (281,772) | - | - |
| Overprovision in prior year | - | (228) | - | - |
| | (3,191) | (282,000) | - | - |
| Total income tax expense/(credit) recognised in profit or loss | 8,602 | (271,494) | 34 | - |

Domestic current income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

10. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

A reconciliation of income tax expense/(credit) applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and the Company are as follows:

| | Group | | Company | |
|--|--------------------|------------------|--------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/profit before tax | (2,696,008) | (1,569,432) | (1,565,278) | 319,884 |
| Tax at Malaysian statutory tax rate of 24% | (647,042) | (376,664) | (375,667) | 76,772 |
| Tax effects of: | | | | |
| Expenses not deductible for tax purposes | 36,409 | 42,682 | 394,007 | 42,769 |
| Income not subject to tax | (1,690) | (113,314) | (18,306) | (119,541) |
| Deferred tax assets not recognised on unused tax losses | 538,749 | 91,843 | - | - |
| Deferred tax assets not recognised on other deductible temporary differences | 113,446 | 67,368 | - | - |
| Different tax rates in other countries | 26,416 | 2,291 | - | - |
| Tax incentives | - | (13,333) | - | - |
| Deferred tax adjustments arising from translation of tax bases of qualifying assets, unused tax losses and other allowances to functional currency of the subsidiaries | (70,824) | (18,394) | - | - |
| Share of results of an associate | 13,120 | 46,156 | - | - |
| Under/(over)provision in prior year | | | | |
| - Current tax | 18 | 99 | - | - |
| - Deferred tax | - | (228) | - | - |
| Income tax expense/(credit) recognised in profit or loss | 8,602 | (271,494) | 34 | - |

A subsidiary of the Group has been granted a tax incentive under Section 127(3A) of the Income Tax Act 1967 in respect of services income and trading income derived from principal hub activities. Under this incentive, the subsidiary is subject to a concessional tax rate of 10% on its chargeable income for five years, from year of assessment ("YA") 2022 to YA 2026. To qualify for this incentive, the subsidiary is required to meet the economic substance conditions prescribed by the Malaysian Investment Development Authority ("MIDA") for each relevant YA.

As the subsidiary did not meet the economic substance requirements for YA 2025, its chargeable income for current year is subject to the prevailing corporate tax rate of 24%.

Global minimum top-up tax

Pillar Two legislation has been enacted in both Malaysia and Indonesia, effective 1 January 2025. The Group did not recognise any top-up tax for the current financial year primarily due to the Group's current loss position in these jurisdiction. In addition, the Group has applied the mandatory exception from recognising or disclosing deferred tax assets and liabilities arising from Pillar Two income taxes.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

11. LOSS PER SHARE

Basic and diluted loss per ordinary share are calculated by dividing loss net of tax attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the year. As the Group and the Company did not issue any dilutive potential ordinary shares, the Group's and the Company's diluted loss per share is equivalent to its basic loss per share.

The following table reflects the loss and share data used in the basic and diluted loss per share computations:

| | Group | |
|--|-------------|-------------|
| | 2025 | 2024 |
| Loss net of tax attributable to the owners of the Company (RM'000) | (2,107,585) | (1,263,460) |
| Weighted average number of ordinary shares at the end of the year ('000) | 2,277,557 | 2,277,557 |
| Basic and diluted loss per share (sen) | (92.54) | (55.47) |

12. PROPERTY, PLANT AND EQUIPMENT

| | Buildings RM'000 | Plant and support facilities RM'000 | Computers, office and other equipment RM'000 | Construction- in-progress RM'000 | Total RM'000 |
|---|---------------------|--|--|--|-------------------|
| Group | | | | | |
| Cost | | | | | |
| At 1 January 2024 | 263,546 | 12,886,765 | 138,287 | 12,451,134 | 25,739,732 |
| Additions | - | - | - | 2,833,618 | 2,833,618 |
| Write off | - | (336,414) | (3,210) | - | (339,624) |
| Disposals | (19) | (2,446) | (213) | - | (2,678) |
| Adjustment* (Note 24) | - | (126,808) | - | - | (126,808) |
| Reclassification | 61 | 496,827 | 8,856 | (505,744) | - |
| Transfers | - | 43,880 | - | - | 43,880 |
| Exchange differences | (8,076) | (395,108) | (4,274) | (466,205) | (873,663) |
| At 31 December 2024 and 1 January 2025 | 255,512 | 12,566,696 | 139,446 | 14,312,803 | 27,274,457 |
| Additions | - | - | - | 1,273,335 | 1,273,335 |
| Write off | (542) | (67,415) | (1,739) | - | (69,696) |
| Disposals | - | (712) | (160) | - | (872) |
| Adjustment* (Note 24) | - | (40,951) | - | - | (40,951) |
| Reclassification | 390,590 | 14,231,055 | 2,376 | (14,624,021) | - |
| Transfers | - | 2,895 | - | - | 2,895 |
| Exchange differences | (38,539) | (1,696,285) | (12,820) | (816,401) | (2,564,045) |
| At 31 December 2025 | 607,021 | 24,995,283 | 127,103 | 145,716 | 25,875,123 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Buildings RM'000 | Plant and support facilities RM'000 | Computers, office and other equipment RM'000 | Construction- in-progress RM'000 | Total RM'000 |
|---|---------------------|--|--|--|-------------------|
| Group | | | | | |
| Accumulated depreciation | | | | | |
| At 1 January 2024 | 215,849 | 8,937,325 | 109,749 | - | 9,262,923 |
| Depreciation charge (Note 7) | 8,180 | 476,794 | 9,139 | - | 494,113 |
| Write off | - | (335,011) | (3,210) | - | (338,221) |
| Disposals | (12) | (1,642) | (213) | - | (1,867) |
| Exchange differences | (6,824) | (270,979) | (3,389) | - | (281,192) |
| At 31 December 2024 and 1 January 2025 | 217,193 | 8,806,487 | 112,076 | - | 9,135,756 |
| Depreciation charge (Note 7) | 7,922 | 451,047 | 6,447 | - | 465,416 |
| Write off | (530) | (28,114) | (1,060) | - | (29,704) |
| Disposals | - | (712) | (160) | - | (872) |
| Exchange differences | (20,156) | (822,823) | (10,539) | - | (853,518) |
| At 31 December 2025 | 204,429 | 8,405,885 | 106,764 | - | 8,717,078 |
| Group | | | | | |
| Accumulated impairment losses | | | | | |
| At 1 January 2024 | - | - | - | - | - |
| Charge for the year (Note 7) | 8,418 | 880,799 | 4,184 | 8,710 | 902,111 |
| Exchange differences | (27) | (2,813) | (13) | (28) | (2,881) |
| At 31 December 2024 and 1 January 2025 | 8,391 | 877,986 | 4,171 | 8,682 | 899,230 |
| Charge for the year (Note 7) | 23,341 | 1,259,036 | 3,226 | 15,986 | 1,301,589 |
| Reclassification | - | 1,348 | 65 | (1,413) | - |
| Write off | (6) | (39,141) | - | - | (39,147) |
| Exchange differences | (1,045) | (91,902) | (420) | (981) | (94,348) |
| At 31 December 2025 | 30,681 | 2,007,327 | 7,042 | 22,274 | 2,067,324 |
| Net carrying amounts | | | | | |
| At 31 December 2024 | 29,928 | 2,882,223 | 23,199 | 14,304,121 | 17,239,471 |
| At 31 December 2025 | 371,911 | 14,582,071 | 13,297 | 123,442 | 15,090,721 |

* Adjustment arising from changes in measurement of estimated costs for dismantling and removal.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the year, spare parts amounting to RM2,895,000 (2024: RM43,880,000) were reclassified from inventories to property, plant and equipment as they met the definition of property, plant and equipment under MFRS 116 Property, plant and equipment.

During the year, depreciation of right-of-use assets amounting to approximately RM10,121,000 (2024: RM25,836,000) was capitalised as part of property plant and equipment.

Included in the construction-in-progress of the Group with a carrying amount of RM465,192,000 (2024: RM603,136,000) and RM29,759,000 (2024: RM29,921,000) in relation to borrowing costs capitalised and amortisation of transaction costs respectively at an average finance rate at 6.90% (2024: 7.83%) per annum. As of reporting date, the costs of construction-in-progress in respect of the newly completed petrochemical complex in Indonesia have been reclassified to the respective classes of property, plant and equipment following its completion.

During the year, realised loss arising from the forward exchange contract used for hedging amounting to approximately RM9,092,000 (2024: RM42,293,000) was capitalised as part of property, plant and equipment.

Certain property, plant and equipment of the Group with a carrying amount of RM7,121,086,000 (2024: RM8,852,518,000) are charged to banks as security for banking facilities granted as disclosed in Note 26.

Impairment test

The key assumptions used to determine the recoverable amounts for the respective CGUs, including the result of the analysis, are disclosed and further explained in Note 3(c).

Material accounting policy information

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Turnarounds, which are periodic scheduled major maintenance and refurbishment to bring the plant to its original capabilities, are typically carried out every 3 to 5 years.

Turnaround costs, including allocated costs in bringing the turnaround to its completion are capitalised and amortised over a period of 36 to 60 months commencing from the month subsequent to the completion of the turnover where the economic benefits associated with the turnaround will flow to the entity.

In the event that the next turnaround takes place earlier than the 36 to 60 months period, the carrying amount capitalised in the statements of financial position is derecognised immediately in the profit or loss prior to the commencement of the next turnaround.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

| | |
|---------------------------------------|------------|
| Buildings | 2% - 10% |
| Plant and support facilities | 3.3% - 33% |
| Computers, office and other equipment | 10% - 33% |

Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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As at 31 December 2025

13. RIGHT-OF-USE ASSETS

| | Terminal and jetty RM'000 | Land use rights RM'000 | Motor vehicles RM'000 | Office buildings RM'000 | Total RM'000 |
|---|---------------------------------|------------------------------|-----------------------------|-------------------------------|-----------------|
| Group | | | | | |
| At 1 January 2024 | 17,663 | 660,662 | 5,866 | 10,077 | 694,268 |
| Additions | - | - | 1,236 | - | 1,236 |
| Derecognition | - | - | (41) | - | (41) |
| Depreciation | (7,273) | (35,299) | (3,500) | (2,617) | (48,689) |
| Impairment losses (Note 7) | (2,373) | (35,749) | - | - | (38,122) |
| Exchange differences | (345) | (19,184) | (112) | (244) | (19,885) |
| At 31 December 2024 and 1 January 2025 | 7,672 | 570,430 | 3,449 | 7,216 | 588,767 |
| Additions | - | - | 9,145 | 992 | 10,137 |
| Derecognition | - | - | (657) | - | (657) |
| Depreciation | (5,209) | (20,900) | (4,124) | (2,797) | (33,030) |
| Impairment losses (Note 7) | (738) | (36,342) | (324) | - | (37,404) |
| Exchange differences | (404) | (50,431) | (589) | (560) | (51,984) |
| At 31 December 2025 | 1,321 | 462,757 | 6,900 | 4,851 | 475,829 |

During the year, depreciation of right-of-use assets amounting to approximately RM10,121,000 (2024: RM25,836,000) was capitalised as part of property, plant and equipment as disclosed in Note 12.

Certain land use rights of the Group with a carrying amount of RM348,974,000 (2024: RM397,892,000) are charged to banks as security for banking facilities granted as disclosed in Note 26.

The Group leases land use rights, terminal and jetty, motor vehicles and office buildings used in its operations that run between 2 to 60 years. Where applicable, the Group seeks to include extension options to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The Group applied assumptions in determining the incremental borrowing rate of the lease. The Group first determines the closest available borrowing rates before it determines the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Impairment test

The key assumptions used to determine the recoverable amounts for the respective CGUs, including the result of the analysis, are disclosed and further explained in Note 3(c).

Material accounting policy information

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|--------------------|------------|
| Office buildings | 17% - 33% |
| Motor vehicles | 33% - 50% |
| Land use rights | 1.8% - 50% |
| Terminal and jetty | 6% |

The Group applies the short-term lease recognition exemption to its short-term leases of machinery, equipments, hostel accommodation and motor vehicles (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

14. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-------------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Unquoted equity shares, at cost | 7,770,113 | 7,706,798 |
| Less: Accumulated impairment losses | (1,809,511) | (172,964) |
| | 5,960,602 | 7,533,834 |

Impairment test

The key assumptions used to determine the recoverable amounts for the equity investments, including the result of the analysis, are disclosed and further explained in Note 3(d).

As a result of the assessment, management determined that the recoverable amounts of the investments in LCTM and LCI were lower than the respective net carrying amounts as at 31 December 2025. Accordingly, impairment losses of RM1,636,547,000 (2024: RM172,964,000) were recognised in the current financial year.

(a) Details of the subsidiaries are as follows:

| Name of entity | Principal place of business/ Country of incorporation | Effective equity interest held and voting interest | | Principal activities |
|--|--|--|-----------|---|
| | | 2025 % | 2024 % | |
| Held by the Company | | | | |
| Lotte Chemical Titan (M) Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacture and sales of petrochemical products and polyolefin resins |
| Lotte Chemical Titan Corporation Sdn. Bhd.* | Malaysia | 100 | 100 | Trading of goods and provision of management service |
| Lotte Chemical Titan International Sdn. Bhd.* | Malaysia | 100 | 100 | Investment holding |
| PT Lotte Chemical Indonesia ^{^#} | Indonesia | 51 | 51 | Manufacture and sales of petrochemical products and polyolefin resins |
| Lotte Chemical Titan Trading Sdn. Bhd. | Malaysia | - | - | Liquidated in 2024 |
| Held through Lotte Chemical Titan International Sdn. Bhd. | | | | |
| PT Lotte Chemical Titan Tbk [^] | Indonesia | 92.50 | 92.50 | Investment holding and general trading |
| PT Lotte Chemical Titan Nusantara [^] | Indonesia | 0.15 | 0.15 | Manufacture and sales of polyethylene |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows: (cont'd)

| Name of entity | Principal place of business/ Country of incorporation | Effective equity interest held and voting interest | | Principal activities |
|---|--|--|-----------|---------------------------------------|
| | | 2025 % | 2024 % | |
| Held through PT Lotte Chemical Titan Tbk | | | | |
| PT Lotte Chemical Titan Nusantara [^] | Indonesia | 92.35 | 92.35 | Manufacture and sales of polyethylene |
| Lotte Chemical Titan International Limited | Malaysia | - | - | In liquidation process |
| * audited by Ernst & Young PLT | | | | |
| [^] audited by member firms of Ernst & Young in the respective country | | | | |
| [#] 51% held by the Company and 25% (2024: 49%) held by Lotte Chemical Corporation | | | | |

None of the non-wholly owned subsidiaries have material non-controlling interests to the Group, except for PT Lotte Chemical Indonesia.

(b) Subscription of additional ordinary shares in Lotte Chemical Titan (M) Sdn. Bhd. ("LCTM")

During the current financial year, the Company subscribed for an additional 63,315,000 ordinary shares in LCTM for a total cash consideration of RM63,315,000. The subscription of the new shares did not result in any change of the Company's equity interest in LCTM.

(c) Liquidation of a subsidiary

In the previous year, the dormant subsidiary of the Company, Lotte Chemical Titan Trading Sdn. Bhd. ("LCTT"), was dissolved on 20 December 2024 pursuant to Section 459(5) of the Companies Act 2016. Accordingly, foreign currency gain of RM469,952,000 arising from recycling of foreign currency translation reserve to profit or loss was recorded upon dissolution of LCTT whose functional currency was previously in United States Dollar ("USD").

(d) Financial information of subsidiaries with material non-controlling interests

Proportion of interest in ordinary shares held by non-controlling interests:

| Name | Country of incorporation and operation | 2025 | 2024 |
|-----------------------------|--|--------|--------|
| PT Lotte Chemical Indonesia | Indonesia | 49.00% | 49.00% |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Financial information of subsidiaries with material non-controlling interests (cont'd)

| | 2025 | 2024 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Accumulated balances of material non-controlling interest: | | |
| PT Lotte Chemical Indonesia | 2,467,672 | 3,353,637 |
| Accumulated balances of non-controlling interests of subsidiaries that are individually immaterial | 25,559 | 26,768 |
| | 2,493,231 | 3,380,405 |
| Loss attributable to material non-controlling interest: | | |
| PT Lotte Chemical Indonesia | (598,364) | (31,739) |
| Accumulated balances of non-controlling interests of subsidiaries that are individually immaterial | 1,339 | (2,739) |
| | (597,025) | (34,478) |
| Total comprehensive loss attributable to material non-controlling interest: | | |
| PT Lotte Chemical Indonesia | (885,965) | (127,365) |
| Accumulated balances of non-controlling interests of subsidiaries that are individually immaterial | (1,209) | (3,719) |
| | (887,174) | (131,084) |
| (i) Summarised statements of financial position - PT Lotte Chemical Indonesia | | |
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Non-current assets | 13,979,473 | 14,805,241 |
| Current assets | 2,390,144 | 763,340 |
| Total assets | 16,369,617 | 15,568,581 |
| Non-current liabilities | 8,781,903 | 8,310,567 |
| Current liabilities | 2,551,648 | 413,856 |
| Total liabilities | 11,333,551 | 8,724,423 |
| Net assets | 5,036,066 | 6,844,158 |
| Equity attributable to: | | |
| - Owners of the Company | 2,568,394 | 3,490,521 |
| - Non-controlling interests | 2,467,672 | 3,353,637 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Financial information of subsidiaries with material non-controlling interests (cont'd)

(ii) Summarised statements of comprehensive income - PT Lotte Chemical Indonesia

| | 2025 | 2024 |
|---|--------------------|------------------|
| | RM'000 | RM'000 |
| Loss for the year | (1,221,151) | (64,773) |
| Loss attributable to: | | |
| - Owners of the Company | (622,787) | (33,034) |
| - Non-controlling interests | (598,364) | (31,739) |
| Total loss for the year | (1,221,151) | (64,773) |
| Total comprehensive loss | | |
| | (1,808,092) | (259,927) |
| Total comprehensive loss attributable to: | | |
| - Owners of the Company | (922,127) | (132,562) |
| - Non-controlling interests | (885,965) | (127,365) |
| Total comprehensive loss for the year | (1,808,092) | (259,927) |

(iii) Summarised statements of cash flows - PT Lotte Chemical Indonesia

| | 2025 | 2024 |
|--|----------------|----------------|
| | RM'000 | RM'000 |
| Net cash flows used in operating activities | (1,385,827) | (329,596) |
| Net cash flows used in investing activities | (1,350,471) | (2,809,690) |
| Net cash flows generated from financing activities | 2,930,349 | 2,923,753 |
| Net increase/(decrease) in cash and cash equivalents | 194,051 | (215,533) |
| Effects of exchange rate changes | (18,278) | 19,309 |
| Cash and cash equivalents at beginning of the year | 216,140 | 412,364 |
| Cash and cash equivalents at end of the year | 391,913 | 216,140 |

Material accounting policy information

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

15. INVESTMENT IN AN ASSOCIATE

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Unquoted equity shares, at cost | 2,135,728 | 2,135,728 | 2,135,728 | 2,135,728 |
| Group's share of post acquisition reserves | (157,507) | (102,842) | - | - |
| Capital adjustment for dilution loss (Note 15(b)) | - | (32,333) | - | - |
| Exchange differences | (29,663) | 201,531 | - | - |
| | 1,948,558 | 2,202,084 | 2,135,728 | 2,135,728 |

Impairment test

The key assumptions used for impairment test and to determine the recoverable amounts for the equity investments, including the result of the analysis, are disclosed and further explained in Note 3(d).

(a) Details of the Group's associate at the end of the reporting period are as follows:

| Name of associate | Principal place of business/ Country of incorporation | Effective equity interest held and voting interest | | Principal activities |
|--|--|--|-----------|----------------------|
| | | 2025 % | 2024 % | |
| Lotte Chemical USA Corporation ("LCUC") [#] | United States | 40 | 40 | Investment holding |

[#] the remaining equity interest is held by Lotte Chemical Corporation

The investment in LCUC is part of the Group's strategy in seeking selective and strategic mergers and acquisitions with value accretive partners to expand market share and improve profitability.

(b) Details of the investees of LCUC at the end of the reporting period are as follows:

| Name of investees | Principal place of business/ Country of incorporation | Effective equity interest held and voting interest | | Principal activities |
|---------------------------------------|--|--|-----------|----------------------|
| | | 2025 % | 2024 % | |
| Subsidiary | | | | |
| Lotte Chemical Louisiana LLC ("LCLA") | United States | 60 | 60 | Chemical production |
| Joint operation | | | | |
| LACC LLC ("LACC") | United States | 50 | 50 | Chemical production |

In previous year, two (2) Special Purpose Corporations ("SPCs") had acquired a total of 40% of LCUC's equity interest in Lotte Chemical Louisiana LLC ("LCLA"), each holding a 20% stake in LCLA, via a Price Return Swap ("PRS") contract. The capital contribution from the SPCs had reduced LCUC's equity interest from 100% to 60% and consequently the Group's effective interest in LCLA had reduced from 40% to 24%.

Accordingly, the dilution loss of RM32,436,000 arising from the capital contribution exercise was recorded as a reduction to carrying amount of investment in an associate with corresponding entry to equity transaction reserves/other reserves account.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

15. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summarised financial information on an associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statements of financial position - Lotte Chemical USA Corporation

| | 2025 RM'000 | 2024 RM'000 |
|-------------------------------------|----------------|----------------|
| Non-current assets | 7,400,969 | 8,288,955 |
| Current assets | 681,748 | 709,074 |
| Current liabilities | (1,282,159) | (1,173,923) |
| Non-current liabilities | (115,079) | (130,317) |
| Equity attributable to shareholders | 6,685,479 | 7,693,789 |
| Attributable to: | | |
| Owners of the company | 4,862,552 | 5,495,479 |
| Non-controlling interests | 1,822,927 | 2,198,310 |
| | 6,685,479 | 7,693,789 |

| | | |
|---|-----------|-----------|
| Proportion of the Group's ownership interest in the associate | 40% | 40% |
| Equity attributable to the Group | 1,945,021 | 2,198,192 |
| Other adjustments | 3,537 | 3,892 |
| Carrying amount of the investment | 1,948,558 | 2,202,084 |

(ii) Summarised statements of comprehensive income - Lotte Chemical USA Corporation

| | 2025 RM'000 | 2024 RM'000 |
|---------------------------|----------------|----------------|
| Revenue | 1,787,607 | 1,983,992 |
| Cost of goods sold | (1,945,217) | (2,247,982) |
| Interest income | 15,724 | 26,746 |
| Other operating expenses | (9,801) | (5,796) |
| Distribution expenses | (19,443) | (8,173) |
| Administrative expenses | (73,624) | (83,414) |
| Interest expense | (77,378) | (221,000) |
| Income tax credit | 1,101 | 63,509 |
| Loss for the year | (321,031) | (492,118) |
| Loss attributable to: | | |
| Owners of the Company | (136,663) | (480,793) |
| Non-controlling interests | (184,368) | (11,325) |
| | (321,031) | (492,118) |

| | | |
|---------------------------------------|----------|-----------|
| Group's share of results for the year | (54,665) | (192,317) |
|---------------------------------------|----------|-----------|

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

15. INVESTMENT IN AN ASSOCIATE (CONT'D)

Material accounting policy information

In the Company's separate financial statements, investment in an associate is accounted for at cost less accumulated impairment losses.

16. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|------------------|----------------|------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | | | | |
| Other receivable | | | | |
| Net investment in a lease | 7,389 | 7,649 | - | - |
| Current | | | | |
| Trade receivables | | | | |
| Third parties | 590,281 | 467,032 | - | - |
| Amount due from ultimate holding company | 90 | 89 | - | - |
| Amounts due from related companies | 33,571 | 24,377 | - | - |
| | 623,942 | 491,498 | - | - |
| Less: Allowance on trade receivables | (8,602) | (2,690) | - | - |
| | 615,340 | 488,808 | - | - |
| Other receivables | | | | |
| Sundry deposits | 26,296 | 27,318 | - | - |
| Sundry receivables | 442,965 | 444,750 | 52 | 5 |
| Amounts due from subsidiaries | - | - | 80 | - |
| Amounts due from related company | 3,252 | 28,624 | - | - |
| Net investment in a lease | 260 | 258 | - | - |
| | 472,773 | 500,950 | 132 | 5 |
| | 1,088,113 | 989,758 | 132 | 5 |
| Total trade and other receivables | 1,095,502 | 997,407 | 132 | 5 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are unsecured, non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of the Group's trade receivables is as follows:

| | Group | |
|---|---------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Neither past due nor impaired | 585,706 | 449,872 |
| 1 to 30 days past due not impaired | 29,627 | 38,765 |
| 31 to 90 days past due not impaired | 7 | 135 |
| More than 90 days past due not impaired | - | 36 |
| | 29,634 | 38,936 |
| Impaired | 8,602 | 2,690 |
| | 623,942 | 491,498 |

(i) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

(ii) Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,634,000 (2024: RM38,936,000) that are past due at the reporting date but not impaired.

Although these balances are unsecured, the management is confident on their recovery as they are mostly due from long-term customers with good payment track records.

(iii) Receivables that are impaired

During the year, the Group has provided an allowance on trade receivables amounting to RM7,984,000 whose credit risk and probability of default have increased significantly.

A reversal of allowance on trade receivables amounting to RM2,035,000 (2024: RM1,802,000) is recognised as a result of the recovery from credit impaired debtors during the year.

The movement in allowance accounts of trade receivables is as follows:

| | Group | |
|--|--------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 2,690 | 4,571 |
| Net allowance/(reversal of allowance) on trade receivable (Note 7) | 5,949 | (1,802) |
| Exchange differences | (37) | (79) |
| At 31 December | 8,602 | 2,690 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

Other receivables are generally unsecured and interest-free.

Included in sundry receivables of the Group are indirect tax receivables amounting to RM424,178,000 (2024: RM414,713,000).

(c) Related party balances

Amounts due from ultimate holding company and related companies are unsecured, non-interest bearing and repayable on demand.

(d) Net investment in a lease

| | Group | |
|-------------------------------------|--------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 7,907 | 8,164 |
| Interest income | 47 | 48 |
| Lease payments received (principal) | (258) | (257) |
| Lease payments received (interest) | (47) | (48) |
| At 31 December | 7,649 | 7,907 |

The Group leases a machinery to third party. The lease contains an initial non-cancellable period of 30 years.

The lease transfers substantially all the risk and rewards incidental to ownership of the machine. The Group expects the residual value of the machine at the end of the lease term to be minimal. The lease does not include buy-back agreements or residual value guarantees.

The lease payments to be received are as follows:

| | Group | |
|-----------------------------------|--------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Within one year | 305 | 305 |
| One to two years | 305 | 305 |
| Two to five years | 915 | 915 |
| More than five years | 6,766 | 7,071 |
| Total undiscounted lease payments | 8,291 | 8,596 |
| Unearned interest income | (642) | (689) |
| Net investment in a lease | 7,649 | 7,907 |

Net investment in a lease is analysed as:

| | | |
|------------------------------|-------|-------|
| Recoverable within 12 months | 260 | 258 |
| Recoverable after 12 months | 7,389 | 7,649 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets/(liabilities) are attributable to the following:

| | Group | |
|----------------------------------|-----------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Property, plant and equipment | (273,357) | (550,286) |
| Provisions | 25,631 | 21,297 |
| Derivative financial instruments | - | (8) |
| Unused investment tax allowances | 20,715 | 20,715 |
| Unabsorbed capital allowances | 214,510 | 188,370 |
| Unused tax losses | 24,979 | 330,833 |
| Net deferred tax assets | 12,478 | 10,921 |

Presented after appropriate offsetting as follows:

| | | |
|--------------------------|---------|--------|
| Deferred tax assets | 15,159 | 10,921 |
| Deferred tax liabilities | (2,681) | - |
| | 12,478 | 10,921 |

The details of the unused tax losses are as follows:

| | Group | |
|------------------------------------|-------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Malaysia | | |
| Unused tax losses, expiring in: | | |
| - 31 December 2032 | 401,320 | 422,422 |
| - 31 December 2033 | 588,613 | 588,613 |
| - 31 December 2034 | 679,776 | 658,347 |
| - 31 December 2035 | 260,908 | - |
| | 1,930,617 | 1,669,382 |
| Deferred tax assets not recognised | (1,876,361) | (331,242) |
| | 54,256 | 1,338,140 |

Indonesia

Unused tax losses, expiring in:

| | | |
|------------------------------------|-----------|-----------|
| - 31 December 2025 | - | 4,932 |
| - 31 December 2026 | 5,865 | 6,453 |
| - 31 December 2027 | 28,542 | 31,406 |
| - 31 December 2028 | 53,608 | 59,237 |
| - 31 December 2029 | 88,595 | 97,485 |
| - 31 December 2030 | 685,675 | - |
| | 862,285 | 199,513 |
| Deferred tax assets not recognised | (807,931) | (155,267) |
| | 54,354 | 44,246 |
| Total unused tax losses | 108,610 | 1,382,386 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

17. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Malaysia

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the availability of unused tax losses brought forward for offsetting against future taxable profits of the company is limited to a maximum period of 10 consecutive years of assessment from the year of assessment the tax losses arises.

Deferred tax asset in respect of the unused tax losses has been recognised to the extent that it is probable that future profit will be available against which the company can utilise that benefits therefrom.

Indonesia

Under Article 6(2) of the Income Tax Law, the availability of unused tax losses brought forward for offsetting against future taxable profits of the company is limited to a maximum period of 5 consecutive years of assessment from the year of assessment the tax losses arises.

Movements in temporary differences during the year:

| | Property, plant and equipment | Provisions | Derivative financial instruments | Unused investment tax allowances | Unabsorbed capital allowances | Unused tax losses | Total |
|--|-------------------------------------|---------------|--|---|-------------------------------------|-------------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | |
| At 1 January 2024 | (792,442) | 92,211 | 11 | 20,715 | 145,638 | 254,464 | (279,403) |
| Recognised in profit or loss (Note 10) | 218,208 | (68,190) | (19) | 635 | 47,246 | 84,120 | 282,000 |
| Recognised in other comprehensive income | - | 121 | - | - | - | - | 121 |
| Exchange differences | 23,948 | (2,845) | - | (635) | (4,514) | (7,751) | 8,203 |
| At 31 December 2024 | (550,286) | 21,297 | (8) | 20,715 | 188,370 | 330,833 | 10,921 |
| Recognised in profit or loss (Note 10) | 234,232 | 6,210 | 7 | 1,946 | 44,618 | (283,822) | 3,191 |
| Recognised in other comprehensive income | - | (12) | - | - | - | - | (12) |
| Exchange differences | 42,697 | (1,864) | 1 | (1,946) | (18,478) | (22,032) | (1,622) |
| At 31 December 2025 | (273,357) | 25,631 | - | 20,715 | 214,510 | 24,979 | 12,478 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

18. INVENTORIES

| | Group | |
|--------------------------------|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At cost | | |
| Raw materials | 24,305 | 54,879 |
| Work-in-progress | 69,822 | 184,114 |
| Consumables | 749,282 | 598,506 |
| Finished goods | 111,137 | 131,470 |
| | 954,546 | 968,969 |
| At net realisable value | | |
| Raw materials | 806,298 | 296,568 |
| Work-in-progress | 44,372 | - |
| Finished goods | 263,588 | 267,653 |
| | 1,114,258 | 564,221 |
| | 2,068,804 | 1,533,190 |

Recognised in profit or loss:

| | | |
|--|-----------|-----------|
| - Inventories recognised as cost of sales | 8,598,618 | 8,102,903 |
| - Write-down/(reversal) of inventories to net realisable value (included in cost of sales) | 113,092 | (27,564) |
| - Provision for obsolete consumables (included in cost of sales) | 5,735 | 4,875 |
| - Inventories written off (included in other expenses) | 169 | 270 |

The write down of RM113,092,000 (2024: reversal of write down of RM27,564,000) on the inventories is due to fluctuation in market condition.

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average basis.

19. OTHER INVESTMENT

| | Group | |
|--|---------------|---------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Financial assets at fair value through profit or loss: | | |
| Fund placement with licensed financial institution | 12,068 | 12,748 |
| Financial assets at amortised cost: | | |
| Short term deposits with licensed financial institutions with maturity exceeding 90 days | 20,280 | - |
| Total investments | 32,348 | 12,748 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

19. OTHER INVESTMENT (CONT'D)

Fund placement with licensed financial institution is carried at fair value through profit or loss. Fund placement is redeemable on demand and provides returns ranging from 3.74% to 4.99% (2024: 4.65% to 5.76%) per annum.

Fixed deposits of the Group are made for more than three months and earn interests at the respective deposit rates. The weighted average effective interest rate for the Group was 4.23% (2024: NIL) per annum.

20. CASH AND BANK BALANCES

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash at banks and on hand | 350,462 | 305,452 | 1,330 | 3,752 |
| Short term deposits with licensed financial institutions | 557,123 | 162,046 | 10,000 | - |
| Cash and cash equivalents | 907,585 | 467,498 | 11,330 | 3,752 |

Cash at banks earn interest based on daily bank deposit rates. Short term deposits are made for varying period of between 1 day to 180 days (2024: 1 days to 90 days) and earn interests ranging from 3.00% to 6.25% (2024: 4.50% to 5.50%) per annum.

21. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

| | Group and Company | | | |
|--|-------------------|-----------|-----------|-----------|
| | Number of shares | | Amount | |
| | 2025 | 2024 | 2025 | 2024 |
| | '000 | '000 | RM'000 | RM'000 |
| Issued and fully paid | | | | |
| <u>Ordinary shares at no par value</u> | | | | |
| At 1 January/31 December | 2,312,365 | 2,312,365 | 5,827,149 | 5,827,149 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares ranked equally with regard to the Company's residual assets.

(b) Treasury shares

| | Group and Company | | | |
|--------------------------|-------------------|----------|-----------|-----------|
| | Number of shares | | Amount | |
| | 2025 | 2024 | 2025 | 2024 |
| | '000 | '000 | RM'000 | RM'000 |
| At 1 January/31 December | (34,808) | (34,808) | (226,252) | (226,252) |

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale of issuance.

The repurchase transactions were financed by proceeds through the initial public offering of its shares. The shares repurchased are held as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

22. OTHER RESERVES

| | Group | |
|---|---------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Non-distributable | | |
| Foreign currency translation reserve | 907,657 | 1,709,452 |
| Equity transaction reserve/other reserves | (5,897) | (5,897) |
| Hedging reserve | - | (4,403) |
| | 901,760 | 1,699,152 |

The movements of each category of the reserves during the financial year are disclosed in the statements of changes in equity. The nature and purpose of each category of reserves are as follows:

(a) Foreign currency translation reserve

Exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group upon disposal of the foreign operation. Exchange differences arising from monetary items which form part of the Group's net investments in foreign operations are included in the foreign currency translation reserve.

In the previous year, upon dissolution of LCTT as disclosed in Note 14(d), the cumulative translation reserve amounted to RM469,952,000 was recycled to profit or loss.

(b) Equity transaction reserve/other reserves

Equity transaction reserve accumulates the adjustments to non-controlling interest ("NCI") arising from transactions with the NCI. Such transactions include the gain on partial disposal of a subsidiary in previous year.

Other reserves represent the capital adjustment resulting from the reduction in the Group's effective interest in the Lotte Chemical Louisiana LLC, the subsidiary of the Group's associate, Lotte Chemical USA Corporation. Further information is disclosed in Note 15(b).

(c) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to open hedged position.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

23. RETAINED EARNINGS

The entire retained earnings of the Company may be distributed as dividends under the single tier system.

24. PROVISIONS

| | Group | |
|--------------------------------------|----------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 342,989 | 463,900 |
| Remeasurement of provision (Note 12) | (40,951) | (126,808) |
| Unwinding of discount (Note 6) | 16,059 | 18,307 |
| Exchange differences | (32,825) | (12,410) |
| At 31 December | 285,272 | 342,989 |

The Group has obligations to dismantle and remove structures on certain sites upon expiry between 2050 to 2097.

The liabilities for dismantling and removal costs are recognised at the present value of the estimated dismantling cost ("EDC") in the future using existing technology, and discounted using an appropriate discount rate.

Subsidiaries within the Group apply estimation techniques that reflect their local regulatory requirements and operational circumstances, including (i) a bottom-up engineering assessment of expected dismantling activities and (ii) a benchmark approach derived from applying a percentage of the Estimated New Replacement Value ("ENRV") of the manufacturing facilities.

The EDC is adjusted to the future costs of dismantling using an industry-specific inflation rate. The present value of the estimated costs is capitalised as part of the asset and a corresponding provision is recognised as a liability. The capitalised cost is depreciated over the expected life of the asset. The unwinding of the discount in the provision is included as finance costs in the statements of comprehensive income. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision. While the provision is based on the best estimate of future costs of the affected assets, there is uncertainty regarding both the amount and timing of these costs. The estimates are reviewed on an annual basis or when there is an indication of a material change in circumstances.

The principal assumptions used for the purposes of estimating the provision for dismantling costs are as follows:

| | 2025 | 2024 |
|---|--------------|------|
| | % | % |
| Inflation rate | 2.70 to 3.00 | 3.50 |
| Discount rate | 4.81 to 5.42 | 4.82 |
| Proportion of ENRV as EDC (only applicable to benchmark approach) | 3.46 | 3.46 |

Principal assumptions applicable to bottom-up approach:

| | | |
|----------------------------------|-------|----------------|
| - Legal costs | 2.50 | Not applicable |
| - Contingency | 10.00 | Not applicable |
| - Chemical removal and treatment | 5.00 | Not applicable |
| - Value added tax | 11.00 | Not applicable |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

25. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|------------------|------------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | | | | |
| Trade payables | | | | |
| Third parties | 868,729 | 536,130 | - | - |
| Other payables | | | | |
| Third parties | 108,460 | 71,461 | - | - |
| Amount due to ultimate holding company | 33,889 | 17,322 | - | - |
| Amounts due to related companies | 8,368 | 3,634 | - | - |
| Amounts due to subsidiaries | - | - | 1,060 | 1,219 |
| Retention sum payable | - | 302,688 | - | - |
| Accruals | 151,285 | 177,906 | 1,091 | 1,218 |
| | 302,002 | 573,011 | 2,151 | 2,437 |
| Total trade and other payables | 1,170,731 | 1,109,141 | 2,151 | 2,437 |

Included in other payables of the Group are property, plant and equipment accruals amounting to RM21,072,000 (2024: RM435,758,000).

(a) Trade payables

These amounts are generally unsecured and non-interest bearing.

(b) Other payables

Other payables are unsecured, non-interest bearing and repayable on demand.

(c) Related party balances

Amounts due to ultimate holding company, related companies and subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(d) Retention sum payable

Retention sum was payable upon completion of construction of the petrochemical plant. In prior year, the retention sum payable was discounted for time value of money based on the payment terms at a fixed rate ranging from 5.75% to 7.95%.

(e) Accruals

Included in accruals of the Group are mainly amounts related to goods received or services performed but invoice not yet received. In the previous year, the accruals of the Group also included the accruals of capitalised borrowing costs amounted to RM1,870,000.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

26. LOANS AND BORROWINGS

| | Group | |
|----------------------|------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Non-current | | |
| Secured | | |
| Term loan | 8,714,202 | 8,234,621 |
| Current | | |
| Secured | | |
| Term loan | 671,208 | - |
| Unsecured | | |
| Bankers' acceptances | 33,050 | 194,800 |
| Revolving credits | 202,800 | 58,019 |
| Bills discounting | - | 32,326 |
| Invoices financing | 1,690,581 | 472,297 |
| | 1,926,431 | 757,442 |
| | 2,597,639 | 757,442 |
| | 11,311,841 | 8,992,063 |

The table below summaries the contractual interest rate of the Group's loans and borrowings as at the end of the reporting period.

| | Contractual Interest Rate (%) | |
|----------------------|-------------------------------|--------------|
| | 2025 | 2024 |
| Term loan | 4.86 to 6.16 | 5.61 to 6.91 |
| Bankers' acceptances | 3.80 to 3.97 | 3.74 to 4.07 |
| Revolving credits | 4.92 to 5.20 | 5.56 to 5.70 |
| Bills discounting | - | 4.60 to 5.76 |
| Invoices financing | 3.54 to 5.50 | 3.78 to 5.76 |

The term loan is utilised to fund the development works of the Integrated Petrochemical Facility known as the LOTTE Chemical Indonesia New Ethylene Project ("LINE Project") for a subsidiary in Indonesia - PT Lotte Chemical Indonesia ("LCI") and secured by the followings:

- the ultimate holding company - Lotte Chemical Corporation ("LCC") is the guarantor of the Loan Facility;
- Both LCC and the Company have entered into share pledges in respect of all of LCI's shares owned by LCC and the Company respectively; and
- Legal charges over certain assets of the Group as disclosed in Notes 12 and 13.

The unsecured borrowings are backed by corporate guarantees provided by the ultimate holding company, Lotte Chemical Corporation.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

26. LOANS AND BORROWINGS (CONT'D)

The table below details changes in the Group's liabilities arising from investing and financing activities including both cash and non-cash changes.

| | Group | |
|---|------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 8,992,063 | 5,943,594 |
| Cash flows - Investing activities | | |
| Repayment of interest expenses - term loan | (467,499) | (601,266) |
| Cash flows - Financing activities | | |
| Net proceeds from loans and borrowings | 3,261,979 | 3,307,298 |
| Repayment of interest expenses - loans and borrowings | (233,580) | (35,674) |
| Non-cash flows changes | | |
| Interest expenses | | |
| - recognised in profit or loss | 245,862 | 35,674 |
| - capitalised into construction-in-progress (Note 12) | 465,192 | 603,136 |
| Total interest expenses (Note 6) | 711,054 | 638,810 |
| Accrued interest (Note 25(e)) | - | (1,870) |
| Amortisation of transaction costs (Note 6 and 12) | 29,759 | 29,921 |
| Exchange differences | (981,935) | (288,750) |
| At 31 December | 11,311,841 | 8,992,063 |

LCI, a subsidiary of the Company, entered into a borrowing agreement of USD2,400,000,000 (equivalent to RM9,734,400,000 as of 31 December 2025) in 2023, with a 9-year installment repayment plan beginning in 2026.

Under the terms of the agreement, the ultimate holding company, LCC, acting as the guarantor for the loan, is obligated to maintain the Interest Coverage Ratio and Leverage Ratio. Due to non-compliance with these financial covenants as of 31 December 2025 (i.e., the calculation date), LCC and LCI sought and obtained consent from the lenders, and secured a waiver for the Leverage Ratio and EBITDA to Interest Coverage Ratio covenants up to the next calculation date as of 30 June 2027 (inclusive).

LCC remains committed to monitoring compliance with the financial covenants and will proactively seek additional waivers from the lenders for the following calculation date as of 31 December 2027, if required.

27. DEFINED BENEFIT OBLIGATION

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Indonesia. The defined benefit plan is unfunded.

The Group's subsidiaries in Indonesia are required to provide defined benefit plans to eligible employees under legislative requirements or industry arrangements. The cost of providing benefits under defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return of plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income ("OCI") in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

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27. DEFINED BENEFIT OBLIGATION (CONT'D)

Remeasurements are not reclassified to profit or loss in subsequent periods. The past service cost is recognised as an expense at the earlier of the date of the plan amendment or curtailment and the date that the Group recognises related restructuring costs.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The amounts recognised in the statements of comprehensive income in respect of this defined benefit plan are as follows:

| | Group | |
|--|--------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Service cost: | | |
| Current service cost | 4,169 | 2,974 |
| Net interest expense | 1,513 | 1,560 |
| Components of defined benefit costs recognised in profit or loss (Note 8) | 5,682 | 4,534 |
| Remeasurement of the net defined benefit liability: | | |
| Actuarial loss arising from changes in financial assumptions, representing component of defined benefit costs recognised in other comprehensive income | 654 | 1,340 |
| | 6,336 | 5,874 |

The movement in the present value of the defined benefit obligation is as follows:

| | Group | |
|---|---------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 22,991 | 21,949 |
| Current service cost | 4,169 | 2,974 |
| Net interest expense | 1,513 | 1,560 |
| Actuarial loss recognised in other comprehensive income | 654 | 1,340 |
| Benefits paid | (2,723) | (3,054) |
| Exchange differences | (3,667) | (1,778) |
| At 31 December | 22,937 | 22,991 |

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | Group | |
|----------------------------------|---------------|---------------|
| | 2025 | 2024 |
| | % | % |
| Discount rate | 4.90 to 7.12 | 6.31 to 7.04 |
| Expected rate of salary increase | 5.00 to 10.00 | 3.30 to 10.00 |

The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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As at 31 December 2025

27. DEFINED BENEFIT OBLIGATION (CONT'D)

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding other assumptions constant.

- If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease/(increase) by RM1,842,000/(RM2,105,000) (2024: RM1,743,000/(RM1,991,000)).
- If the expected salary growth rate is 1% higher/(lower), the defined benefit obligation would increase/(decrease) by RM1,941,000/(RM1,737,000) (2024: RM1,636,000/(RM1,469,000)).

The sensitivity analysis presented above may not be representative of the potential actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

28. LEASE LIABILITIES

| | Group | |
|--------------------------------|--------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Non-current | | |
| Lease liabilities | 6,850 | 10,284 |
| Current | | |
| Lease liabilities | 9,261 | 11,976 |
| Total lease liabilities | | |
| Lease liabilities | 16,111 | 22,260 |

The remaining maturities of the lease liabilities are as follows:

| | Group | |
|---|--------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| On demand or within one year | 9,261 | 11,976 |
| More than 1 year and less than 2 years | 4,153 | 7,942 |
| More than 2 years and less than 5 years | 2,697 | 2,342 |
| | 16,111 | 22,260 |

The Group applies weighted average incremental borrowing rate for its lease liabilities at 7.98% (2024: 5.97%).

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

28. LEASE LIABILITIES (CONT'D)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

| | Group | |
|---|----------|----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 22,260 | 33,792 |
| Cash flows | | |
| Repayment of principal of lease liabilities | (14,107) | (12,884) |
| Repayment of interest on lease liabilities | (1,716) | (1,574) |
| Non-cash flows changes | | |
| Additions | 10,137 | 1,236 |
| Derecognition | (655) | (43) |
| Interest expenses (Note 6) | 1,716 | 1,574 |
| Exchange differences | (1,524) | 159 |
| At 31 December | 16,111 | 22,260 |

29. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group | | |
|---|-----------------|-------------------|-------------|
| | Notional amount | Fair value Assets | Liabilities |
| | RM'000 | RM'000 | RM'000 |
| At 31 December 2025 | | | |
| Current | | | |
| Forward currency contracts (at fair value through profit or loss) | - | - | - |
| Forward exchange contracts (used for hedging) | - | - | - |
| | - | - | - |
| At 31 December 2024 | | | |
| Current | | | |
| Forward currency contracts (at fair value through profit or loss) | 20,000 | 32 | - |
| Forward exchange contracts (used for hedging) | 107,026 | - | (8,636) |
| | 127,026 | 32 | (8,636) |

(a) Forward exchange contracts (used for hedging)

The Group entered into forward exchange contracts to hedge its exposure against currency exchange rate fluctuations of Indonesian Rupiah for construction activities in Indonesia.

All forward exchange contracts have been settled during the year.

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29. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(b) Forward exchange contracts (at fair value through profit or loss)

The forward exchange contracts are used to manage the Group's foreign exchange exposure arising from certain transactions in United States Dollar ("USD") and Ringgit Malaysia ("RM"). These derivatives are not designated as cash flow or fair value hedges and are entered into for periods consistent with the anticipated currency transactions. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

All forward exchange contracts have been settled during the year.

30. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

| | Group | |
|--------------------------------------|--------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Property, plant and equipment | | |
| Contracted but not provided for | 13,472 | 354,816 |

31. RELATED PARTIES

The significant related party transactions of the Company other than key management personnel compensation (see Note 9), are as follows:

| | Group | |
|--|----------|----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Ultimate holding company | | |
| Sales of goods | - | 13,887 |
| Management and consulting fees incurred | (3,563) | (1,497) |
| Reimbursement of payroll for secondment of expatriates | (34,112) | (50,840) |
| Purchase of materials | (15,150) | (1,198) |
| Commission expense | (927) | (1,149) |
| Royalty expense | (31,864) | (474) |
| Commission income | 39 | 47 |
| Capital expenditure incurred | (27,893) | (44,333) |
| Guarantor fee | (15,790) | - |
| IT support services fee paid/payable | (470) | (420) |
| Other administrative expenses | (70) | (19) |

NOTES TO THE FINANCIAL STATEMENTS

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31. RELATED PARTIES (CONT'D)

The significant related party transactions of the Company other than key management personnel compensation (see Note 9), are as follows: (cont'd)

| | Group | |
|--|-----------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Related companies | | |
| Sales of goods | 205,613 | 258,816 |
| Sales of utilities | 273 | 6,591 |
| Capital expenditure incurred | (199,254) | (884,467) |
| IT support services fee paid/payable | (3,909) | (4,282) |
| Commission expense | (849) | (520) |
| Warehouse and logistics services incurred | (30,650) | (25,012) |
| Advertising expenses | (7,778) | - |
| Other administrative expenses | (1,529) | (1,943) |
| Office space sublease | 123 | 133 |
| Interest income | - | 2,432 |
| Lease rental income | 811 | 2,942 |
| Compensation receivable for pipeline termination | - | 28,486 |
| Other income | - | 189 |
| Service fee | (6,722) | (642) |
| Income from shared services | 94 | 45 |

| | Company | |
|------------------------|---------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Subsidiaries | | |
| Management service fee | (2,176) | (2,552) |

Related companies are subsidiaries, joint venture and associates of Lotte Chemical Corporation, the ultimate holding company.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, commodity price risks and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

The Group has a policy to undertake derivatives which are appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and net investment in a lease. For other financial assets (including cash and bank balances, fund placement and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Any receivables having significant balances past due more than 180 days, which are deemed to have higher default risk, are monitored individually.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| | Current | Days past due | | More than 90 days |
|---|---------|---------------|------------|-------------------|
| | | 1-30 days | 31-90 days | |
| 31 December 2025 | | | | |
| Expected credit loss rate | 0.00% | 0.00% | 0.00% | 0.00% |
| Estimated total gross carrying amount at default (RM'000) | 585,706 | 29,627 | 7 | - |
| 31 December 2024 | | | | |
| Expected credit loss rate | 0.00% | 0.00% | 0.00% | 0.00% |
| Estimated total gross carrying amount at default (RM'000) | 449,872 | 38,765 | 135 | 36 |

Certain trade receivables with higher credit risk and probability of default are subject to individual impairment assessment, when internal and external information indicates that the Group is unlikely to receive the outstanding amounts in full, as disclosed in Note 16(a)(iii). These trade receivables are excluded from the above impairment analysis.

The Group determines the other receivables balances have low credit risk and the probability of default is low.

The Group manages credit risk on net investment in a lease together with its leasing arrangements which have low credit risk and the probability of default is low.

Exposure to credit risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are due from regular customers of the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group and the Company are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 16. Deposits with banks and other financial institutions, net investment in a lease and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at each reporting date based on contractual repayment obligations.

| | On demand or within one year | One to five years | Over five years | Total |
|-------------------------------|------------------------------------|----------------------|--------------------|------------|
| As at 31 December 2025: | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 1,170,731 | - | - | 1,170,731 |
| Loans and borrowings | 3,162,045 | 5,494,838 | 5,965,978 | 14,622,861 |
| Lease liabilities | 10,244 | 6,958 | - | 17,202 |
| Total financial liabilities | 4,343,020 | 5,501,796 | 5,965,978 | 15,810,794 |
| Company | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 2,151 | - | - | 2,151 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at each reporting date based on contractual repayment obligations. (cont'd)

| | On demand or within one year | One to five years | Over five years | Total |
|-------------------------------|------------------------------------|----------------------|--------------------|------------|
| As at 31 December 2024: | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 1,109,141 | - | - | 1,109,141 |
| Loans and borrowings | 1,318,570 | 4,712,474 | 6,291,989 | 12,323,033 |
| Lease liabilities | 13,026 | 10,288 | - | 23,314 |
| Total financial liabilities | 2,440,737 | 4,722,762 | 6,291,989 | 13,455,488 |
| Company | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 2,437 | - | - | 2,437 |

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency exposure primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The foreign currencies in which these transactions are denominated are Ringgit Malaysia ("RM") and Indonesian Rupiah ("IDR"). There is no formal hedging policy with respect to foreign exchange exposure. Exposure to foreign currency is monitored on an on-going basis and the Group endeavours to keep the net exposures to an acceptable level.

The Group's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

| | 2025 | 2024 |
|--|-----------|-----------|
| | RM'000 | RM'000 |
| Denominated in RM | | |
| Trade and other receivables | 214,359 | 197,416 |
| Cash and bank balances and other investment | 45,924 | 69,335 |
| Trade and other payables | (95,273) | (113,207) |
| Loans and borrowings | (167,830) | (323,000) |
| Lease liabilities | (8,903) | (15,727) |
| Net exposure in the statements of financial position | (11,723) | (185,183) |
| Denominated in IDR | | |
| Trade and other receivables | 789,582 | 418,675 |
| Cash and bank balances | 197,649 | 13,492 |
| Trade and other payables | (473,246) | (184,520) |
| Lease liabilities | (7,486) | (6,842) |
| Net exposure in the statements of financial position | 506,499 | 240,805 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the RM/USD and IDR/USD exchange rates against the respective functional currencies, with all other variables held constant.

| | Increase/(decrease) in loss net of tax | |
|---|---|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| RM/USD | | |
| - strengthening of RM by 10% (2024: 10%) | 810 | 12,794 |
| - weakening of RM by 10% (2024: 10%) | (810) | (12,794) |
| IDR/USD | | |
| - strengthening of IDR by 10% (2024: 10%) | (34,991) | (16,636) |
| - weakening of IDR by 10% (2024: 10%) | 34,991 | 16,636 |

(d) Commodity price risk

Most of the Group's products and substantially all of the raw materials are commodities whose prices fluctuate based on market conditions. Accordingly, product margins and the Group's profitability fluctuate in accordance with commodity price movements. The Group manages commodity price risk by adjusting their product mix so that products are subject to different margin pressures. The Group does not use derivatives or other hedging instruments to manage its commodity price risk.

(e) Interest rate risk

The Group's fixed rate borrowings and lease liabilities are exposed to risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Cash and bank balances, other investment and short-term receivables and payables are not significantly exposed to interest rate risk.

There is no formal hedging policy with respect of interest rate exposure. Exposure to interest rate risk is monitored on an ongoing basis and the Group endeavours to keep the exposure at an acceptance level.

The interest rate profile of the Group's significant interest-bearing financial instruments and lease liabilities, based on carrying amounts as at the end of the reporting period was:

| | Group | |
|----------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Fixed rate instruments | | |
| Financial assets | - | 28,624 |
| Financial liabilities | (1,926,431) | (1,060,130) |
| Lease liabilities | (16,111) | (22,260) |
| | (1,942,542) | (1,053,766) |
| Floating rate instruments | | |
| Financial assets | 12,068 | 12,748 |
| Financial liabilities | (9,385,410) | (8,234,621) |
| | (9,373,342) | (8,221,873) |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have decreased the Group's loss after tax by RM93,762,000 (2024: RM82,249,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

(f) Hedging activities

Cash flow hedge

All forward exchange contracts have been fulfilled during the year, hence no outstanding hedging instrument remained open as at 31 December 2025.

At 31 December 2024, the Group held the following instruments to hedge exposures to changes in foreign currency.

| | 2024 | |
|----------------------------------|---------------------------------------|---------------------------------|
| | Maturity Under 1 year RM'000 | Maturity 1-3 years RM'000 |
| Group | | |
| Foreign currency risk | | |
| Forward exchange contracts | | |
| Net exposure | 107,027 | - |
| Average USD:IDR forward contract | 14,923 | - |

Group

Foreign currency risk

Forward exchange contracts

Net exposure

Average USD:IDR forward contract

Forward exchange contract was used to hedge the cash flow risk in relation to the currency exchange rate fluctuation arising from the construction activities in a subsidiary in Indonesia, PT Lotte Chemical Indonesia, primarily arising from Rupiah payables. The Group hedged 70% of the total estimated onshore engineering, procurement and construction contract costs.

The cash flow hedge is assessed to be effective and the realised loss relating to the effective portion of the cash flow hedge amounting to RM9,092,000 (2024: RM42,293,000) is recognised in the cost of construction-in-progress (Note 12).

As at year end, the Group recognised a fair value gain on hedging instruments amounting to RM8,633,000 (2024: RM21,040,000) in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Hedging activities (cont'd)

Cash flow hedge (cont'd)

The following table provides reconciliation by risk category of components of equity and analysis of other comprehensive income resulting from cash flow hedge accounting.

| | Hedging reserve | |
|--|-----------------|----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Group | | |
| At 1 January | (4,403) | (15,134) |
| Cash flow hedge | | |
| Changes in fair value attributable to the owners of the Company: | | |
| Foreign currency risk | 4,403 | 10,731 |
| At 31 December | - | (4,403) |

33. FAIR VALUE

(a) Determination of fair value

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:

| | Note |
|--|------|
| Trade and other receivables - current | 16 |
| Short term deposits with licensed financial institutions | 19 |
| Cash and bank balances | 20 |
| Trade and other payables - current | 25 |
| Loans and borrowings | 26 |

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Derivatives at fair value through profit or loss

In previous year, the fair values of forward currency contracts were calculated by reference to forward rates quoted at the reporting date for contracts with similar maturity profiles.

Derivatives used for hedging

In previous year, the fair values of forward currency contracts were estimated by discounting future cash flows using valuation technique with market observable input.

Fund placement with licensed financial institution

The fair value of the fund placement with licensed financial institution is calculated by reference to the quoted net asset value of the fund.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

33. FAIR VALUE (CONT'D)

(a) Determination of fair value (cont'd)

Fair value hierarchy

The following table is the fair value measurement hierarchy of the Group and the Company's assets and liabilities.

| | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant un-observable inputs (Level 3) |
|--|---------|---|---|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| At 31 December 2025 | | | | |
| Financial assets | | | | |
| Fund placement with licensed financial institution | 12,068 | - | 12,068 | - |
| At 31 December 2024 | | | | |
| Financial assets | | | | |
| Fund placement with licensed financial institution | 12,748 | - | 12,748 | - |
| Derivatives at fair value through profit or loss | | | | |
| - Forward currency contracts | 32 | - | 32 | - |
| Financial liabilities | | | | |
| Derivatives used for hedging | | | | |
| - Forward currency contracts | (8,636) | - | (8,636) | - |

34. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and of the Company as at 31 December are categorised into the following classes:

| | Note | 2025 | 2024 |
|---|------|-----------|-----------|
| | | RM'000 | RM'000 |
| Group | | | |
| (a) Financial assets measured at amortised cost | | | |
| Trade and other receivables | 16 | 1,095,502 | 997,407 |
| Short term deposits with licensed financial institution | 19 | 20,280 | - |
| Cash and bank balances | 20 | 907,585 | 467,498 |
| | | 2,023,367 | 1,464,905 |
| (b) Financial instruments at fair value through profit or loss | | | |
| Fund placement with licensed financial institution | 19 | 12,068 | 12,748 |
| Derivative assets | 29 | - | 32 |
| | | 12,068 | 12,780 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

34. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The financial instruments of the Group and of the Company as at 31 December are categorised into the following classes: (cont'd)

| | Note | 2025 RM'000 | 2024 RM'000 |
|---|------|----------------|----------------|
| Group | | | |
| (c) Financial liabilities measured at amortised cost | | | |
| Trade and other payables | 25 | (1,170,731) | (1,109,141) |
| Loans and borrowings | 26 | (11,311,841) | (8,992,063) |
| | | (12,482,572) | (10,101,204) |
| (d) Lease liabilities | | | |
| | 28 | (16,111) | (22,260) |
| (e) Derivatives used for hedging | | | |
| Derivatives liabilities | 29 | - | (8,636) |
| Company | | | |
| (a) Financial assets measured at amortised cost | | | |
| Trade and other receivables | 16 | 132 | 5 |
| Cash and bank balances | 20 | 11,330 | 3,752 |
| | | 11,462 | 3,757 |
| (b) Financial liabilities measured at amortised cost | | | |
| Trade and other payables | 25 | (2,151) | (2,437) |

35. NET GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Net gains/(losses) on: | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Mandatorily required by MFRS 9 | 512 | 676 | - | - |
| Financial assets at amortised cost | (7,082) | (24,692) | 144 | 139 |
| Financial liabilities at amortised cost | (271,909) | (34,546) | - | (1) |
| Derivatives used for hedging | 8,633 | 21,039 | - | - |
| Lease liabilities | (1,036) | 908 | - | - |
| | (270,882) | (36,615) | 144 | 138 |

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

36. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain creditor confidence and to sustain future development of the business. The directors monitor the debt levels to maintain an optimum debt-to-equity ratio.

The Group is not subjected to any externally imposed capital requirements.

The debt-to-equity ratio at the end of the reporting period was as follows:

| | Group | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Loans and borrowings (Note 26) | 11,311,841 | 8,992,063 |
| Lease liabilities (Note 28) | 16,111 | 22,260 |
| Less: Cash and bank balances (Note 20) | (907,585) | (467,498) |
| Net debt | 10,420,367 | 8,546,825 |
| Total equity | 9,005,518 | 12,798,302 |
| Debt-to-equity ratio | 1.16 | 0.67 |

There were no changes in the Group's approach to capital management during the financial year.

37. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on its products and has 2 reportable operating segments, as follows:

- (i) Olefins and derivative products - Manufacture and sales of olefins and derivative products
- (ii) Polyolefin products - Manufacture and sales of polyolefin products

No operating segments have been aggregated to form the above reportable operating segments.

The President and Chief Executive Officer monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Segment profit/(loss) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation. Transfer prices between business segments are set on the following basis:

- (i) Transactions amongst subsidiaries

Transfer prices between business segments which arose from transactions amongst subsidiaries are established on terms and conditions that are mutually agreed upon.

- (ii) Transactions amongst inter-plant

Transfer price between business segments which arose from inter-plant's transactions are set at cost basis.

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the President and Chief Executive Officer. Hence, no disclosure is made on segment assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

37. OPERATING SEGMENTS (CONT'D)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

| | Olefins and derivative products RM'000 | Polyolefins products RM'000 | Eliminations and unallocated results RM'000 | Total RM'000 |
|--|--|-----------------------------------|---|--------------------|
| 31 December 2025 | | | | |
| Revenue | | | | |
| External customers | 3,065,307 | 4,875,995 | - | 7,941,302 |
| Inter-segment | 3,199,077 | - | (3,199,077) | - |
| Total revenue | 6,264,384 | 4,875,995 | (3,199,077) | 7,941,302 |
| Other segment information | | | | |
| Depreciation of property, plant and equipment and right-of-use assets | 319,518 | 164,278 | 4,529 | 488,325 |
| Property, plant and equipment written off | 92 | 79 | 674 | 845 |
| Write-down of inventories to net realisable value | 104,551 | 8,541 | - | 113,092 |
| Impairment losses on property, plant and equipment and right-of-use assets | 1,033,663 | 305,330 | - | 1,338,993 |
| Segment results | (1,860,431) | (732,458) | (103,119) | (2,696,008) |
| 31 December 2024 | | | | |
| Revenue | | | | |
| External customers | 1,602,269 | 5,832,762 | - | 7,435,031 |
| Inter-segment | 3,274,631 | - | (3,274,631) | - |
| Total revenue | 4,876,900 | 5,832,762 | (3,274,631) | 7,435,031 |
| Other segment information | | | | |
| Depreciation of property, plant and equipment and right-of-use assets | 325,131 | 187,733 | 4,102 | 516,966 |
| Property, plant and equipment written off | 748 | 189 | 466 | 1,403 |
| Reversal of write-down of inventories to net realisable value | (14,930) | (12,634) | - | (27,564) |
| Impairment losses on property, plant and equipment and right-of-use assets | 661,736 | 278,497 | - | 940,233 |
| Foreign exchange gain from dissolution of a subsidiary | - | - | (469,952) | (469,952) |
| Segment results | (919,727) | (854,156) | 204,451 | (1,569,432) |

Adjustments and eliminations

Fair value changes in derivatives are not allocated to individual segments as the underlying instruments are also managed on a group basis.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

37. OPERATING SEGMENTS (CONT'D)

Reconciliation of loss

| | 2025 RM'000 | 2024 RM'000 |
|--|--------------------|--------------------|
| Segment loss of: | | |
| - Olefins and derivative products | (1,860,431) | (919,727) |
| - Polyolefins products | (732,458) | (854,156) |
| Total segment loss | (2,592,889) | (1,773,883) |
| Share of results of an associate | (54,665) | (192,317) |
| Foreign exchange gain from dissolution of a subsidiary | - | 469,952 |
| Other unallocated cost | (48,454) | (73,184) |
| Loss before tax | (2,696,008) | (1,569,432) |

Non-current operating assets

| | | |
|-----------|-------------------|-------------------|
| Malaysia | 1,509,964 | 2,832,345 |
| Indonesia | 14,056,586 | 14,995,893 |
| | 15,566,550 | 17,828,238 |

Non-current operating assets for this purpose consist of property, plant and equipment and right-of-use assets.

Major customers

There were no customers that individually account for 10% or more of group revenue for current and prior years.

38. CONTINGENT LIABILITIES

(a) Tax litigation involving an indirect subsidiary of the Company - Malaysia

Lotte Chemical Titan International Limited ("LCTIL"), an indirect subsidiary of the Company currently undergoing liquidation, had filed a Judicial Review Application to challenge the decision of the Minister of Finance Malaysia, which rejected LCTIL's application for a determination of the term "chargeable profit" for a Labuan entity carrying on a Labuan non-trading activity under the Labuan Business Activity Tax Act 1990 ("Decision"). The Decision could have resulted in a potential tax liability of USD 8.5 million (equivalent to RM34.48 million) for LCTIL.

The matter has been subject to hearings and case management since 2021, during which the Inland Revenue Board of Malaysia ("IRBM") was granted leave to intervene. Following several hearing and case management sessions, the IRBM confirmed on 11 September 2025 that the tax rate under Section 2B(1A) of the Labuan Business Activity Tax Act does not apply to LCTIL.

Subsequently, all parties reached a settlement and a draft consent order was prepared. On 24 October 2025, the High Court recorded and granted the consent order on the agreed terms. Accordingly, no additional tax liability will arise from this matter.

(b) Litigation with an ex-distributor - Malaysia

On 27 March 2026, the Company was served with a Writ of Summons dated 19 March 2026 and a Statement of Claim dated 27 March 2026 filed by Petroleum Logistic Services Sdn Bhd ("the Plaintiff"), an ex-distributor of its subsidiary, Lotte Chemical Titan (M) Sdn Bhd ("LCTM"). The Company, LCTM, and the Company's Director/President, namely Jang Seon Pyo, have been named as Defendants in the legal proceedings.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

38. CONTINGENT LIABILITIES (CONT'D)

(b) Litigation with an ex-distributor - Malaysia (cont'd)

The Plaintiff's claims against the Defendants include, amongst others:

- (a) declarations;
- (b) an indemnity for tax liabilities and penalties of RM18,442,967.77;
- (c) an account of revenue and profits from domestic sales conducted under the Plaintiff's licence;
- (d) special damages of RM111,800,840.50 (based on a 15% gross profit margin benchmark); or alternatively, RM20,572,165.70 (based on a 3% industry-standard distributor margin).

together with general, exemplary and aggravated damages, interest, and costs on an indemnity basis.

As the legal proceedings relate to conditions that existed as at the reporting date, management has assessed the matter as an adjusting subsequent event in accordance with MFRS 110 Events After the Reporting Period.

Based on legal advice obtained, the Group is of the view that there are reasonable grounds to defend against the claims and, as at the reporting date, it is not probable that an outflow of economic benefits will be required to settle the claims and the timing and amount of any potential outflow, if any, cannot be determined with sufficient reliability at this stage. Accordingly, no provision has been recognised in the financial statements in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, and the matter is disclosed as a contingent liability.

The Group will continue to monitor the progress of the proceedings and take appropriate actions as necessary.

39. MATERIAL SUBSEQUENT EVENTS

Escalation of Middle-East Conflict

Subsequent to the financial year end, the outbreak of war involving United States-Israel and Iran on 28 February 2026 has disrupted shipping activities through the Strait of Hormuz, a key shipping route for the global energy supply chain. As the Group's feedstock supply is mainly sourced from the Middle East region, the closure of Strait of Hormuz has and will continue to affect the timing, pricing and availability of feedstock supply.

Whilst the Group's existing inventory and confirmed cargoes are expected to support the Group's near-term operations, a prolonged disruption will adversely affect the Group's operations, impacting both the cash flows and financial performance of the Group.

The Group will continue to engage closely with its suppliers and trading partners, including those under long-term supply arrangements, to secure shipment of feedstock supply and assess alternative sourcing options where feasible. In view of the supply chain disruption, there is also a heightened demand for polymers resulting in significant increase in polymer pricing. The Group will continue to implement mitigation measures to secure any alternative sourcing options to continue operation, including optimisation of feedstock utilisation and cost control initiatives to manage the impact of the disruption.

As at the date of approval of these financial statements, as the conflict continues to evolve, it is challenging to predict with certainty the duration of the war and the full extent of its impact on the Group's business operation, and the full financial impact of the disruption cannot be reliably estimated. In accordance with MFRS 110 Events After the Reporting Period, this event is classified as a non-adjusting event, and no adjustments have been made to the financial statements. However, the Board has taken this subsequent event into account in assessing the appropriateness of the going concern assumption as disclosed in the going concern assumption section in Note 2, given its potential implications on the Group's operations, cash flows and financial performance.

The Group will continue to closely monitor developments and take appropriate actions where necessary.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 13 April 2026.

SECTION 8

ADDITIONAL INFORMATION

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CORPORATE INFORMATION

BOARD OF DIRECTORS

| | | |
|--|---|---|
| <p>1 Tan Sri Dato' Abdul Rahman Mamat Independent Non-Executive Chairman</p> | <p>3 Ang Ah Leck Independent Non-Executive Director</p> | <p>6 Yu Seung Yong Non-Independent Executive Director</p> |
| <p>2 Jang Seon Pyo Non-Independent Executive Director President & Chief Executive Officer</p> | <p>4 Tan Sri Datuk (Dr.) Rafiah binti Salim Independent Non-Executive Director</p> | <p>7 Park Jae Sun Non-Independent Non-Executive Director</p> |
| <p>5 Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir Independent Non-Executive Director</p> | | |

AUDIT COMMITTEE

- 1 **Ang Ah Leck**
Chairman,
Independent Non-Executive Director
- 2 **Tan Sri Datuk (Dr.) Rafiah binti Salim**
Member,
Independent Non-Executive Director
- 3 **Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir**
Member,
Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

- 1 **Tan Sri Datuk (Dr.) Rafiah binti Salim**
Chairperson,
Independent Non-Executive Director
- 2 **Ang Ah Leck**
Member,
Independent Non-Executive Director
- 3 **Park Jae Sun**
Member,
Non-Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

- 1 **Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir**
Chairperson,
Independent Non-Executive Director
- 2 **Jang Seon Pyo**
Member,
Non-Independent Executive Director,
President & Chief Executive Officer
- 3 **Ang Ah Leck**
Member,
Independent Non-Executive Director
- 4 **Tan Sri Datuk (Dr.) Rafiah binti Salim**
Member,
Independent Non-Executive Director

COMPANY SECRETARIES

- 1 **Janet Phan Pui Li**
(SSM PC No. 202108000484)
(MACS 01841)
- 2 **Cynthia Gloria Louis**
(SSM PC No. 201908003061)
(MAICSA 7008306)

REGISTERED OFFICE

Lot 29.01, Level 29, 1 Powerhouse,
No. 1, Persiaran Bandar Utama,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-2093 4222
Fax: 03-2093 5688
Email: compliance@lottechem.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration no. 197101000970
(11324-H)]
Unit 32-01, Level 32,
Tower A Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: 03-2783 9299
Email: is.enquiry@vistra.com

AUDITORS

MESSRS ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) &
AF 0039
Chartered Accountants
B-15, Menara IIB,
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri,
Johor Darul Takzim
Tel: 07-288 3111
Fax: 07-288 3112

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Woori Bank

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock name: LCTITAN
Stock code: 5284

WEBSITE

www.lottechem.my

LIST OF PROPERTIES

| No. | Location | Registered/ Beneficial Owner | Existing Use | Tenure of Land/Age of Building (years) | Land Area | Net Book Value as at 31 Dec 2025 RM'000 | Date of Last Revaluation/ Date of Acquisition (if no revaluation is done) |
|-----|---|---|-----------------|--|--------------|---|---|
| 1 | 1 piece of industrial land bearing postal address PLO 425, Jalan Perak, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 189009 P.T. No. PTD 109065 in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising: | LOTTE Chemical Titan (M) Sdn. Bhd. ("LCTM") | Industrial land | Leasehold 60 years expiring on 26 November 2051 | 28.02 acres | 7,661 | January 1997 Revaluation |
| | | | | • 5 production plants, 1 cogeneration plant, 1 single-storey technical station, 1 material store and 1 single-storey office | 13-26 | | |
| 2 | 1 piece of industrial land bearing postal address PLO 426, Jalan Tembaga 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 189010 P.T. No. PTD 109066 in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising: | LCTM | Industrial land | Leasehold 60 years expiring on 26 November 2051 | 15.49 acres | 4,042 | January 1997 Revaluation |
| | | | | • 3 flare stacks • 3 water storage tanks | | | |
| 3 | 1 piece of industrial land bearing postal address PLO 257, Jalan Tembaga 4, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on PN6731 Lot No. 51758 (previously known as H.S.(D) 162760 P.T. No. PTD 90011) in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising: | LCTM | Industrial land | Leasehold 60 years expiring on 20 May 2050 | 41.90 acres | 10,929 | January 1997 Revaluation |
| | | | | • 2 production plants, 3 material stores, 1 maintenance workshop, 1 control room, 1 single-storey warehouse, 1 single-storey manufacturing office and 1 double-storey manufacturing office | 8-31 | | |

LIST OF PROPERTIES

| No. | Location | Registered/ Beneficial Owner | Existing Use | Tenure of Land/Age of Building (years) | Land Area | Net Book Value as at 31 Dec 2025 RM'000 | Date of Last Revaluation/ Date of Acquisition (if no revaluation is done) |
|-----|---|--|----------------------------------|---|--------------|---|---|
| 4 | 1 piece of industrial land bearing postal address PLO 312, Jalan Tembaga 4, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 162764 P.T. No. PTD 90015 in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising: • 3 production plants, 2 double-storey offices, 1 maintenance office, 1 maintenance workshop, 1 control room and 1 double-deck warehouse, 1 single-storey canteen and 1 safety and security office | LCTM | Industrial land | Leasehold 60 years expiring on 20 May 2050 | 36.72 acres | 20,333 | January 1997 Revaluation |
| | | | | 8-33 | | | |
| 5 | 1 piece of industrial land bearing postal address PLO 8, Persiaran Tg. Langsat, Tg. Langsat Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 310853 P.T. No. PTD 2855 in the Mukim of Sg Tiram, District of Johor Bahru and buildings erected thereto comprising: • 2 production plants, 1 cogeneration plant, 1 flare stack, 1 single-storey multi-purpose building, 2 single-storey warehouses, 2 single-storey technician stations, 1 guard shed and parking bays, 3 material stores, 1 maintenance workshop, 1 control room and 1 single-storey office (Technical Centre) | LCTM | Industrial land | Leasehold 60 years expiring on 14 February 2061 | 100.0 acres | 17,288 | August 1997 Acquisition |
| | | | | 24-25 | | | |
| 6 | 1 piece of land held under HGB Certificate No.14 at Gerem. Jl. Raya Merak Km.116, Kel. Rawa Arum – Cilegon thereto comprising: • Access route to PE1 Plant (Indonesia), PE2 Plant (Indonesia) and PE3 Plant (Indonesia) | PT LOTTE Chemical Titan Nusantara (“PT LCT Nusantara”) | Access route to PT LCT Nusantara | Leasehold 50 years expiring on 18 October 2039 | 4.03 acres | 1,324 | January 1991 Acquisition |
| 7 | 1 piece of land held under HGB Certificate No.2 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum – Cilegon thereto comprising: • Access route to PE1 Plant (Indonesia), PE2 Plant (Indonesia) and PE3 Plant (Indonesia) | PT LCT Nusantara | Access route to PT LCT Nusantara | Leasehold 50 years expiring on 18 October 2039 | 2.69 acres | 885 | January 1991 Acquisition |

LIST OF PROPERTIES

| No. | Location | Registered/ Beneficial Owner | Existing Use | Tenure of Land/Age of Building (years) | Land Area | Net Book Value as at 31 Dec 2025 RM'000 | Date of Last Revaluation/ Date of Acquisition (if no revaluation is done) |
|-----|---|------------------------------------|-----------------|--|--------------|---|---|
| 8 | 1 piece of land held under HGB Certificate No.17 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum and buildings erected thereto comprising: • Plant’s facilities such as stack flare, LPG tank etc • Leased to PT LOTTE Chemical Indonesia (“PT LC Indonesia”) (0.64 acres) | PT LCT Nusantara | Industrial land | Leasehold 30 years expiring on 21 February 2025 ⁽²⁾ | 8.85 acres | 2,938 | October 1995 Acquisition |
| 9 | 1 piece of land held under HGB Certificate No. 2514 ⁽¹⁾ at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum and buildings erected thereto comprising: • Plant’s facilities | PT LCT Nusantara | Industrial land | Leasehold 50 years expiring on 21 February 2045 | 0.80 acres | 237 | October 1995 Acquisition |
| 10 | 1 piece of land held under HGB Certificate No.2853 ⁽¹⁾ at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum and buildings erected thereto comprising: • 3 production plants (namely PE1 Plant (Indonesia), PE2 Plant (Indonesia) and PE3 Plant (Indonesia)), administration building, warehouse, workshop and technical office and parking area • Leased to PT LC Indonesia (13.77 acres) | PT LCT Nusantara | Industrial land | Leasehold 30 years expiring on 21 February 2025 ⁽²⁾ | 82.90 acres | 29,301 | October 1995 Acquisition |
| 11 | 1 piece of land held under HGB Certificate No. 2515 ⁽¹⁾ at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum and buildings erected thereto comprising: • Plant’s facilities • Leased to PT LC Indonesia (0.07 acres) | PT LCT Nusantara | Industrial land | Leasehold 50 years expiring on 21 February 2045 | 0.07 acres | 21 | October 1995 Acquisition |
| 12 | 1 piece of land held under HGB Certificate No.18 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum • Leased to PT LC Indonesia (2.01 acres) | PT LCT Nusantara | Industrial land | Leasehold 50 years expiring on 21 February 2045 | 2.01 acres | 660 | October 1995 Acquisition |
| 13 | 1 piece of land held under HGB Certificate No.20 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum • Leased to PT LC Indonesia (12.98 acres) | PT LCT Nusantara | Industrial land | Leasehold 50 years expiring on 21 February 2045 | 80.13 acres | 11,765 | November 1995 Acquisition |

LIST OF PROPERTIES

| No. | Location | Registered/ Beneficial Owner | Existing Use | Tenure of Land/Age of Building (years) | Land Area | Net Book Value as at 31 Dec 2025 RM'000 | Date of Last Revaluation/ Date of Acquisition (if no revaluation is done) |
|-----|--|------------------------------------|--------------------|---|----------------|---|---|
| 14 | 1 piece of land held under HGB Certificate No.839 at Kotabumi. Jl. Palem Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 4 residential houses | PT LCT Nusantara | Residential | Leasehold 57 years expiring on 7 October 2054 | 1.52 acres | 707 | March 1997 Acquisition |
| 15 | 1 piece of land held under HGB Certificate No.00840 at Kotabumi. Jl. Paleam Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 6 residential houses, 1 function hall, 1 diesel house and 1 security post | PT LCT Nusantara | Residential | Leasehold 47 years expiring on 7 October 2044 | 1.10 acres | 512 | March 1997 Acquisition |
| 16 | 1 piece of land held under HGB Certificate No.838 at Kotabumi. Jl. Palem Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 5 residential houses and 1 function hall | PT LCT Nusantara | Residential | Leasehold 57 years expiring on 7 October 2054 | 3.22 acres | 1,495 | July 1997 Acquisition |
| 17 | 1 piece of land held under HGB Certificate No.841 at Kotabumi. Jl. Palem Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 1 residential house | PT LCT Nusantara | Residential | Leasehold 30 years expiring on 25 August 2027 | 0.39 acres | 181 | December 1997 Acquisition |
| 18 | 1 piece of land held under HGB Certificate No.124 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum | PT LCT Nusantara | Vacant land | Leasehold 27 years expiring on 21 February 2045 | 5.25 acres | 771 | February 2018 Acquisition |
| 19 | 1 piece of land held under HGB Certificate No.3045 at Warnasari Village, District of Citangkil, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 30 years expiring on 8 February 2047 | 79.34 acres | 130,540 | February 2017 Acquisition |
| 20 | 1 piece of land held under HGB Certificate No.3046 at Warnasari Village, District of Citangkil, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 30 years expiring on 8 February 2047 | 35.62 acres | 58,582 | February 2017 Acquisition |

LIST OF PROPERTIES

| No. | Location | Registered/ Beneficial Owner | Existing Use | Tenure of Land/Age of Building (years) | Land Area | Net Book Value as at 31 Dec 2025 RM'000 | Date of Last Revaluation/ Date of Acquisition (if no revaluation is done) |
|-----|--|------------------------------------|--------------------|---|----------------|---|---|
| 21 | 1 piece of land held under HGB Certificate No.22 at Rawa Arum Village, District of Pulo Merak, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 8 years expiring on 24 September 2026 | 8.19 acres | 5,262 | July 2018 Acquisition |
| 22 | 1 piece of land held under HGB Certificate No.115 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 27 years expiring on 25 May 2046 | 1.68 acres | 3,058 | May 2019 Acquisition |
| 23 | 1 piece of land held under HGB Certificate No.00154 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 18 years expiring on 26 September 2039 | 12.8 acres | 33,506 | February 2021 Acquisition |
| 24 | 1 piece of land held under HGB Certificate No.00192 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 30 years expiring on 25 March 2052 | 29.46 acres | 112,427 | April 2022 Acquisition |
| 25 | 1 piece of land held under HGB Certificate No.00194 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province | PT LC Indonesia | Access route | Leasehold 3 years expiring on 24 September 2026 | 0.04 acres | 24 | January 2023 Acquisition |
| 26 | 1 piece of land held under HGB Certificate No.00191 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province | PT LC Indonesia | Access route | Leasehold 11 years expiring on 3 March 2034 | 0.21 acres | 1,773 | January 2023 Acquisition |
| 27 | 1 piece of land held under HGB Certificate No.03167 at Warnasari Village, District of Citangkil, Cilegon City, Banten Province | PT LC Indonesia | Industrial land | Leasehold 30 years expiring on 8 August 2053 | 1.74 acres | 3,803 | August 2023 Acquisition |

Notes:

⁽¹⁾ HGB Certificate No. 2853, HGB Certificate No. 2514 and HGB Certificate No. 2515 were issued as a result of the splitting process of HGB Certificate No. 17, which encompassed a total area of 92.63 acres prior to splitting.

⁽²⁾ The extension process is currently in progress and is under further discussion with the relevant Government authorities.

ANALYSIS OF SHAREHOLDINGS

AS AT 16 MARCH 2026

| | |
|-----------------|---|
| Class of shares | : Ordinary shares |
| Voting Rights | : One vote per share |
| Issued Shares | : 2,312,364,540 ordinary shares (including 34,808,000 treasury shares) |

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Holders | % | No. of Shares | % |
|--|----------------|----------------|----------------------|----------------|
| 1 – 99 | 785 | 4.478 | 15,197 | 0.000* |
| 100 – 1,000 | 2,851 | 16.263 | 1,947,925 | 0.085 |
| 1,001 – 10,000 | 8,438 | 48.134 | 40,909,904 | 1.796 |
| 10,001 – 100,000 | 4,607 | 26.280 | 146,740,027 | 6.442 |
| 100,001 – 113,877,826** | 848 | 4.837 | 360,151,987 | 15.813 |
| 113,877,827 and above*** | 1 | 0.005 | 1,727,791,500 | 75.861 |
| Total (excluding Treasury Shares) | 17,530 | 100.000 | 2,277,556,540 | 100.000 |

Notes:

* Less than 0.001% of Issued Shares

** Less than 5% of Issued Shares

*** 5% and above of Issued Shares

THIRTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | % |
|-----|---|---------------|--------|
| 1. | Maybank Securities Nominees (Asing) Sdn. Bhd. Pledged Securities Account for LOTTE Chemical Corporation | 1,727,791,500 | 75.861 |
| 2. | Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan | 7,000,000 | 0.307 |
| 3. | Yeo Kian Joo | 6,489,900 | 0.284 |
| 4. | Maybank Nominees (Tempatan) Sdn. Bhd. Wong Tung Ann | 5,818,757 | 0.255 |
| 5. | Yong Koy | 5,810,000 | 0.255 |
| 6. | Toh Ean Hai | 5,800,100 | 0.254 |
| 7. | Maybank Investment Bank Berhad IVT (9) ECD SW-H | 5,496,500 | 0.241 |
| 8. | Pua Lai Hwa | 5,216,000 | 0.229 |
| 9. | HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Hooi Hak | 5,000,000 | 0.219 |
| 10. | Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Chua Kee Tee (E-JBU/SKI) | 5,000,000 | 0.219 |
| 11. | RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Irene Lee | 5,000,000 | 0.219 |
| 12. | Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik | 4,200,000 | 0.184 |
| 13. | Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt an for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan) | 3,880,900 | 0.170 |
| 14. | Teoh Choo Ee | 3,800,009 | 0.166 |
| 15. | Affin Hwang Investment Bank Berhad IVT (LOU) Lou Kee Kai (Structured WTS) | 3,714,200 | 0.163 |
| 16. | Lim Cheai Ni | 3,019,000 | 0.132 |
| 17. | Lee See Jin | 2,654,192 | 0.116 |

ANALYSIS OF SHAREHOLDINGS

AS AT 16 MARCH 2026

| No. | Name of Shareholders | No. of Shares | % |
|-----|--|---------------|-------|
| 18. | Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Saravanan A/L Raman (E-SRB) | 2,600,000 | 0.114 |
| 19. | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Lay Fan (Penang-CL) | 2,546,634 | 0.111 |
| 20. | RHB Nominees (Tempatan) Sdn. Bhd. OSK Capital Sdn. Bhd. for Yayasan Islam Terengganu | 2,293,890 | 0.100 |
| 21. | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Hooi Giap (JlnKenari-CL) | 2,200,000 | 0.096 |
| 22. | Lim Bing Chai | 2,070,000 | 0.090 |
| 23. | Ngo Seh Tee | 2,062,600 | 0.090 |
| 24. | Dual Matrix Sdn. Bhd. | 2,034,000 | 0.089 |
| 25. | Lim Pei Tiam @ Liam Ahat Kiat | 2,000,000 | 0.087 |
| 26. | Yew Ah Kow | 2,000,000 | 0.087 |
| 27. | Lim Mee Shia | 1,880,000 | 0.082 |
| 28. | Ng Teng Song | 1,850,500 | 0.081 |
| 29. | Tan Teong Hock | 1,835,927 | 0.080 |
| 30. | Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Markets Core Equity 2 Portfolio of DFA Investment Dimensions Group Inc. | 1,832,627 | 0.080 |

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

| | Direct | | Indirect | |
|----------------------------|---------------|--------|---------------|---|
| | No. of Shares | % | No. of Shares | % |
| LOTTE Chemical Corporation | 1,727,791,500 | 75.861 | - | - |

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND/OR ITS RELATED CORPORATION

| | Direct | | Indirect | |
|--|---------------|-------|---------------|---|
| | No. of Shares | % | No. of Shares | % |
| Tan Sri Dato' Abdul Rahman Mamat | 30,000 | 0.001 | - | - |
| Jang Seon Pyo | - | - | - | - |
| Tan Sri Datuk (Dr.) Rafiah binti Salim | 82,500 | 0.003 | - | - |
| Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | - | - | - | - |
| Ang Ah Leck | 30,000 | 0.001 | - | - |
| Yu Seung Yong | - | - | - | - |
| Park Jae Sun | - | - | - | - |

Directors' Shareholdings in the Holding Company, LOTTE Chemical Corporation ("LCC")

| | Direct | | Indirect | |
|---------------|---------------|--------|---------------|---|
| | No. of Shares | % | No. of Shares | % |
| Jang Seon Pyo | 1,950 | 0.000* | - | - |
| Yu Seung Yong | 464 | 0.000* | - | - |
| Park Jae Sun | 168 | 0.000* | - | - |

Note:

* Less than 0.001% of the issued shares of LCC

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

| | Remarks | Group | |
|------------------------------|---------|-------------------|-------------------|
| | | 2025 (RM'000) | 2024 (RM'000) |
| Total Income | | | |
| Revenue | | 7,941,302 | 7,435,031 |
| Other income | | 24,478 | 53,650 |
| Finance income | | 560 | 692 |
| Interest income | | 17,204 | 15,175 |
| Share of result of associate | | (54,665) | (192,317) |
| Total | | 7,928,879 | 7,312,231 |
| Total Assets | | 21,821,034 | 23,299,101 |

(B) Business Activities

| Shariah Non-Compliant Activities | Remarks | Group | |
|--|---------|------------------|------------------|
| | | 2025 (RM'000) | 2024 (RM'000) |
| Interest income | | 17,204 | 15,175 |
| Gain from investment in conventional instruments | | 512 | 644 |
| Total | | 17,716 | 15,819 |

(C) Component of Financial Position

(i) Cash Component

| Conventional Account/Instruments | Remarks | Group | |
|---|--------------|------------------|------------------|
| | | 2025 (RM'000) | 2024 (RM'000) |
| Cash at bank (exclude cash in hand) | | 350,450 | 305,428 |
| Short-term deposits | | 577,403 | 162,046 |
| Money market instruments | | 12,068 | 12,748 |
| Other cash equivalents (please specify in the remarks column) | Cash in hand | 12 | 24 |
| Total | | 939,933 | 480,246 |

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

(C) Component of Financial Position (cont'd)

(ii) Debt Component

| Islamic Financing | Remarks | Group | |
|-------------------|-----------|------------------|------------------|
| | | 2025 (RM'000) | 2024 (RM'000) |
| Current | | | |
| Bill discounting | Unsecured | - | 11,909 |
| Total | | - | 11,909 |

| Conventional Borrowing | Remarks | Group | |
|----------------------------|-----------|-------------------|------------------|
| | | 2025 (RM'000) | 2024 (RM'000) |
| Current | | | |
| Term loans | Secured | 671,208 | - |
| Banker's acceptances | Unsecured | 33,050 | 194,800 |
| Revolving credit and loans | Unsecured | 202,800 | 58,019 |
| Bill discounting | Unsecured | - | 32,326 |
| Invoice financing | Unsecured | 1,690,581 | 472,297 |
| Non Current | | | |
| Term loans | Secured | 8,714,202 | 8,234,621 |
| Total | | 11,311,841 | 8,992,063 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2026 Annual General Meeting (“2026 AGM”) of the Company will be held at Meeting Room 2, Level 2, Renaissance Johor Bahru Hotel, 2 Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim on Monday, 25 May 2026 at 10.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon.
2. The following Directors are retiring by rotation pursuant to Clause 100 of the Company’s Constitution:
 - 2.1 Tan Sri Dato’ Abdul Rahman Mamat
 - 2.2 Ang Ah Leck

Tan Sri Dato’ Abdul Rahman Mamat and Mr. Ang Ah Leck have indicated their intention not to seek re-election as they are approaching the nine-year tenure limit for Independent Directors. Accordingly, Tan Sri Dato’ Abdul Rahman Mamat and Mr. Ang Ah Leck will retain office until the conclusion of the 2026 AGM.

3. To approve the payment of the following Directors’ Fees for the financial year ending 31 December 2026:
 - 3.1 up to an amount of RM244,800 for Independent Non-Executive Chairman
 - 3.2 up to an amount of RM170,100 for each Independent Non-Executive Director
(Please refer to Explanatory Note 2)

Resolution 1
4. To approve the payment of Directors’ remuneration and benefits (excluding Directors’ Fees) to the Independent Non-Executive Directors up to an amount of RM163,800 with effect from 2026 AGM until the next Annual General Meeting of the Company.
(Please refer to Explanatory Note 3)

Resolution 2

5. To appoint Messrs. KPMG PLT as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.
(Please refer to Explanatory Note 4)

Resolution 3

AS SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following ordinary resolution:

6.1 Ordinary Resolution I

Resolution 4

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR 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

“**THAT** subject to the provisions of the MAIN Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the existing shareholders’ mandate to 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 with Related Party(ies) as specified in Section 2.3 of the Circular to Shareholders dated 24 April 2026 which are necessary for the day-to-day operations; in the ordinary course of business, based on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public and are not detrimental to minority shareholders of the Company (“Shareholders’ Mandate”) and such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming 2026 AGM at which the Shareholders’ Mandate is passed, at which time such Shareholders’ Mandate will lapse, unless by a resolution passed at the meeting, the authority for the Shareholders’ Mandate is renewed;
- (ii) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the Shareholders’ Mandate.”

6.2 Ordinary Resolution II

Resolution 5

AUTHORITY TO ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, MAIN Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company (“New Shares”) (including rights or options over subscription of such New Shares) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed General Mandate”).

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company held after the approval was given;
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
 - (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,
- whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

Order of the Board

Janet Phan Pui Li
(SSM PC No. 202108000484)
(MACS 01841)

Cynthia Gloria Louis
(SSM PC No. 201908003061)
(MAICSA 7008306)
Company Secretaries

Selangor Darul Ehsan
24 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2026 (General Meeting Record of Depositors) shall be entitled to attend, participate, speak and vote (collectively, "Participate") at this 2026 AGM.
- b) A member entitled to Participate at the above meeting is entitled to appoint not more than two (2) proxies to Participate instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to Participate at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- c) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- d) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- e) The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time appointed for holding the 2026 AGM or at any adjournment thereof, as follows:
- (i) **In hard copy form**
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
- (ii) **By electronic means via Tricor Portal, Vistra Share Registry and IPO (MY)**
The Form of Proxy can be electronically lodged with the Share Registrar of the Company via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com>. Kindly refer to the Administrative Notes for the 2026 AGM on the procedures for electronic submission of Form of Proxy via the portal.
- f) If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our 2026 AGM by yourself, please write in to is.enquiry@vistra.com to revoke the earlier appointed proxy not less than forty-eight (48) hours before the meeting.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for financial year ended 31 December 2025

Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the audited financial statements. Hence, this item of the Agenda is not put forward for voting.

2. Resolution 1 – Directors' fees

The Company adopted the following fees for Non-Executive Directors:

| | Directors' Fees (RM per Director per annum) |
|----------------------|--|
| Independent Chairman | Up to an amount of 244,800 |
| Independent Director | Up to an amount of 170,100 |

3. Resolution 2 – Directors' remuneration and benefits

The Directors' remuneration and benefits (excluding Directors' Fees) comprise meeting allowances and other emoluments payable to the Independent Non-Executive Directors from 2026 AGM until the next Annual General Meeting of the Company ("the Relevant Period").

The meeting allowance for Board and Board Committees meetings is stated below:

| | Meeting Allowance | |
|-----------------|--|---|
| | Independent Chairman of Board/ Committee (RM per Director per Meeting) | Independent Directors/ Members of Committee (RM per Director per Meeting) |
| Board | 2,700 | 1,800 |
| Board Committee | 2,250 | 1,800 |

In determining the estimated total meeting allowances for the Relevant Period, the Board has considered various factors, among others, the size of the Board and Board Committees as well as the number of meetings scheduled to be held during the Relevant Period.

4. Resolution 3 – Appointment of Auditors in place of Retiring Auditors

The Company had received a Notice of Nomination from LOTTE Chemical Corporation ("LCC"), our major shareholder and holding company for the appointment of Messrs. KPMG PLT as Auditors of the Company in place of Messrs. Ernst & Young PLT who will be retiring as Auditors at the forthcoming 2026 AGM of the Company.

The Board of Directors has reviewed the recommendation of the Audit Committee and has recommended the above proposal to be tabled to the shareholders for approval at the forthcoming 2026 AGM of the Company.

A copy of the Notice of Nomination from LCC is annexed as "Annexure A" in the Company's 2025 Integrated Annual Report.

5. Resolution 4 – Proposed renewal of existing shareholders' mandate for 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 ("Proposed Shareholders' Mandate")

The proposed Resolution 4, if approved, will allow the Group to enter into Recurrent Related Party Transactions pursuant to Paragraph 10.09 of the MAIN Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders of the Company dated 24 April 2026 which is dispatched together with the Company's 2025 Integrated Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

6. Resolution 5 – Authority to Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 5 is for the purpose of granting a general mandate to the Directors (“General Mandate”) and if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This General Mandate is to provide flexibility for the Company to issue new securities without the need to convene separate general meetings to obtain its shareholders’ approval so as to avoid incurring additional costs and time.

The purpose of this General Mandate is to enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for any possible fund raising activities including, but not limited to, further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/ or issuance of shares as settlement of purchase consideration, or other circumstances which may arise which involves grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the General Mandate is sought or approved, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of new shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Following is the statement made pursuant to paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:

- (A) As at the date of this notice, there are no individuals who are standing for election.
- (B) The statement relating to the General Mandate for the authority to issue shares is set out in Item 6 of the Explanatory Notes to the Notice of the 2026 AGM.

ANNEXURE A



Date: 30 March 2026

The Board of Directors
Lotte Chemical Titan Holding Berhad
Lot 29.01, Level 29, 1 Powerhouse,
No. 1, Persiaran Bandar Utama,
Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Dear Sirs

NOTICE OF NOMINATION OF MESSRS KPMG PLT AS AUDITORS

We, being the major shareholder and holding company of Lotte Chemical Titan Holding Berhad ("the Company"), hereby give notice pursuant to Section 271(4) of the Companies Act 2016 of our nomination of Messrs KPMG PLT as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young PLT and propose that the following resolution be tabled at the forthcoming Annual General Meeting –

"THAT, KPMG PLT be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Your faithfully

Seong, Nak Sun

CFO of Lotte Chemical Corporation

FORM OF PROXY



| |
|--------------------|
| No. of shares held |
| CDS Account no. |
| Tel no. |

LOTTE Chemical Titan Holding Berhad
[Registration No. 199101012045 (222357-P)]
(Incorporated in Malaysia)

I/We _____ NRIC No./Company No. _____ of _____

email address _____ being a member/members of LOTTE CHEMICAL TITAN HOLDING BERHAD

[Registration No. 199101012045 (222357-P)] hereby appoint the following person(s):

| Name | NRIC/Passport No. | Address | No. of shares to be represented by proxy |
|------|-------------------|---------|--|
| 1. | | | |
| 2. | | | |

For a member who is an authorised nominee or an exempt authorised nominee, please state the details of the proxies as above if more than two (2) on your letterhead and to attach the same to this Form of Proxy.

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the 2026 Annual General Meeting ("2026 AGM") of the Company to be held at Meeting Room 2, Level 2, Renaissance Johor Bahru Hotel, 2 Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim on Monday, 25 May 2026 at 10.00 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following Resolutions:

| RESOLUTIONS | FOR | AGAINST |
|---|-----|---------|
| Resolution 1 To approve the payment of Directors' Fees for the financial year ending 31 December 2026. | | |
| Resolution 2 To approve the payment of Directors' Remuneration and Benefits. | | |
| Resolution 3 To appoint Messrs. KPMG PLT as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young PLT. | | |
| Resolution 4 Proposed Renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions. | | |
| Resolution 5 Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. | | |

Please indicate with an "x" in the appropriate space how you wish your vote(s) to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

Date: _____

Signature/Common Seal of Shareholder(s)

Notes:

- a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2026 (General Meeting Record of Depositors) shall be entitled to attend, participate, speak and vote (collectively, "Participate") at this 2026 AGM.
- b) A member entitled to Participate at the above meeting is entitled to appoint not more than two (2) proxies to Participate instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to Participate at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- c) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- d) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- e) The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time appointed for holding the 2026 AGM or at any adjournment thereof, as follows:-
 - (i) **In hard copy form**
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
 - (ii) **By electronic means via Tricor Portal, Vistra Share Registry and IPO (MY)**
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- f) If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our 2026 AGM by yourself, please write in to is.enquiry@vistra.com to revoke the earlier appointed proxy not less than forty-eight (48) hours before the meeting.

PERSONAL DATA NOTICE

By submitting the Form of Proxy, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the 2026 AGM (including any adjournment thereof).

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AFFIX
STAMP



LOTTE Chemical Titan Holding Berhad
[Registration No. 199101012045 (222357-P)]

The Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Then fold here

Fold this flap for sealing

MISSION

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47800 Petaling Jaya,
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Malaysia

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Fax : +603-2093 5688

