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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

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LOTTE CHEMICAL TITAN HOLDING BERHAD

Registration No. 199101012045 (222357-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

PART A

**PROPOSED ETHYLENE SALE AND PURCHASE AGREEMENT BETWEEN
PT LOTTE CHEMICAL TITAN NUSANTARA AND PT LOTTE CHEMICAL INDONESIA
("PROPOSED TRANSACTION")**

PART B

**INDEPENDENT ADVICE LETTER FROM KENANGA INVESTMENT BANK BERHAD TO THE
NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED TRANSACTION**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Adviser

kenanga

KENANGA INVESTMENT BANK BERHAD

Registration No. 197301002193 (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of Lotte Chemical Titan Holding Berhad ("**LCTH**") and the Form of Proxy for the EGM are enclosed in this Circular and are available at <https://www.lottechem.my/investor/agm.asp>. The date, time and venue of the EGM are as follows:

Date and time of the EGM : Tuesday, 26 August 2025 at 10.00 a.m.

Venue of the EGM : Meeting Room 2, Level 2, Renaissance Johor Bahru Hotel, 2 Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim

The Form of Proxy for the EGM should be completed and deposited at the office of LCTH's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H)) ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia. As the voting at the EGM will be conducted on a poll, the Form of Proxy must be lodged on or before the following time and date:

Last date and time for deposit of Form of Proxy : Sunday, 24 August 2025 at 10.00 a.m.

The proxy appointment may also be lodged electronically via Tricor's TIH Online website at <https://tih.online> no later than Sunday, 24 August 2025 at 10.00 a.m. For further information on the electronic lodgement of Form of Proxy, kindly refer to the Administrative Notes for the EGM.

This Circular is dated 11 August 2025

DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

Act	:	Companies Act 2016
Announcement	:	The announcement in relation to the Proposed Transaction dated 7 July 2025 which was made by our Company
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to the shareholders of our Company in relation to the Proposed Transaction dated 11 August 2025
Commencement Date	:	1 September 2025
EGM	:	Extraordinary general meeting
EPS	:	Earnings per LCTH Share
FPE	:	Financial period ending or ended, as the case may be
FYE	:	Financial year ending or ended, as the case may be
Kenanga IB or Independent Adviser	:	Kenanga Investment Bank Berhad
IAL	:	The independent advice letter dated 11 August 2025 from Kenanga IB to the non-interested Shareholders of LCTH in relation to the Proposed Transaction as set out in Part B of this Circular
ICIS	:	Independent Commodity Intelligence Services, a petrochemical market information provider
ICIS CFR SEA Ethylene Index	:	ICIS CFR SEA Ethylene pricing report indexes published weekly by the ICIS
JTB	:	Lotte JTB Co. Ltd
LAM	:	Lotte Chemical (Thailand) Co Ltd
LCC	:	Lotte Chemical Corporation
LCC Shares	:	Shares in LCC
LCEPID	:	PT Lotte Chemical Engineering Plastics Indonesia
LCI	:	PT Lotte Chemical Indonesia
LCI Shares	:	Ordinary shares in LCI
LCTC	:	Lotte Chemical Titan Corporation Sdn Bhd
LCTH or Company	:	Lotte Chemical Titan Holding Berhad (Registration No. 199101012045 (222357-P))
LCTH Group or Group	:	Collectively, our Company and our subsidiaries

DEFINITIONS *(Cont'd)*

LCTH Shares	:	Ordinary shares in our Company
LCTI	:	Lotte Chemical Titan International Sdn Bhd
LCTIL	:	Lotte Chemical Titan International Limited
LCTM	:	Lotte Chemical Titan (M) Sdn Bhd
LCTN	:	PT Lotte Chemical Titan Nusantara
LCTN Shares	:	Ordinary shares in LCTN
LCTT	:	PT Lotte Chemical Titan Tbk
LCUC	:	Lotte Chemical USA Corporation
LGLI	:	PT Lotte Global Logistics Indonesia
LUSR	:	Lotte Ube Synthetic Rubber Sdn Bhd
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	18 July 2025, being the latest practicable date prior to the date of this Circular
MT	:	Metric-tonne
NA	:	Net assets
Proposed Transaction	:	Proposed ethylene sale and purchase agreement between LCI and LCTN
Shareholders	:	Shareholders of our Company
SPA	:	Ethylene sale and purchase agreement dated 7 July 2025 entered into between LCI and LCTN

CURRENCIES

IDR	:	Indonesian Rupiah
KRW	:	South Korean Won
RM and sen	:	Ringgit Malaysia and sen
USD	:	United States Dollars

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires otherwise, shall include our Group.

All references to “**you**” and “**your**” in this Circular are to our Shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to any act, rules, written law, ordinance, enactment or guideline in this Circular is a reference to that act, rules, written law, ordinance, enactment or guideline as amended or re-enacted from time to time.

DEFINITIONS *(Cont'd)*

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved.

Unless otherwise stated, the exchange rates of USD1:RM4.246 and IDR1,000:RM0.261 being the middle rates prevailing as at 5.00 p.m. on the LPD as published by the BNM, are used throughout this Circular. Any exchange rate translation in this Circular is provided solely for your convenience and should not be constituted as representative that the translated amount stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION OF THE PROPOSED TRANSACTION. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED TRANSACTION TO BE TABLED AT OUR FORTHCOMING EGM.

Key Information	Summary	Reference to Circular
Details of the Proposed Transaction	<p>LCI agrees to sell and LCTN agrees to purchase, pay for and receive ethylene commencing from 1 September 2025 for a period of ten (10) years ("SPA Duration"), subject to the terms and conditions of the SPA.</p> <p>The annual quantity to be purchased by LCTN shall be 350,000 MT ("Annual Volume") where, for any given month, the quantity of ethylene to be purchased shall be equal to a quantity of ethylene that is a pro-rated quantity of the Annual Volume over 12 months.</p> <p>The Annual Volume under the SPA corresponds to approximately 75% of LCTN's current production capacity and feedstock requirements so as to mitigate the risk of feedstock disruption and supports LCTN's strategic objective to operate at full capacity. By establishing a dedicated and geographically proximate supply line with LCI, the Proposed Transaction also enhances supply chain efficiency.</p> <p>The purchase price of the ethylene for any given month will be determined based on a unit price of the ethylene supplied to LCTN, as expressed in USD per MT which shall be calculated based on the monthly average price of the high and low number quoted in the ICIS CFR SEA Ethylene Index published weekly by the ICIS issued in the month preceding the month in which the delivery is made plus a pre-agreed amount in accordance with the SPA.</p> <p>The total contract value of the SPA is estimated to be USD 2,896,250,000 (equivalent to approximately RM 12,297,477,500) based on the Annual Volume of 350,000 MT for the SPA Duration of ten (10) years at the Purchase Price under the SPA derived using the monthly average price of the high and low number quoted in ICIS CFR SEA Ethylene Index published by the ICIS in the month of July 2025 plus such pre-agreed amount in accordance with the SPA. For the avoidance of doubt, due to the commoditised nature of ethylene, the total contract value of the SPA will depend on the Purchase Price as determined in accordance with the SPA which will fluctuate from month-to-month subject to the ICIS CFR SEA Ethylene Index.</p>	Section 2
Rationale and benefits of the Proposed Transaction	<p>LCTN currently procures ethylene from external third-party suppliers on both spot or term contract basis, exposing its operations to volatility in logistics costs, short-term contractual terms and procurement service fees if source through an agent, as the case may be. Further, starting from May 2025, LCTN has also engaged with LCI under spot contracts basis for ethylene supply. The Proposed Transaction is expected to create synergistic effect between LCTN and LCI, including the supply of ethylene from LCI to LCTN, and generate positive impacts for LCTH Group where, from a long-term perspective, LCTN is expected to benefit from a more competitive and stable ethylene purchase price due to its proximity in terms of geographical location to LCI, which enables more efficient logistics from both time and cost perspectives</p>	Section 5

EXECUTIVE SUMMARY (Cont'd)

Key Information	Summary	Reference to Circular
	compared to sourcing from other import vendors. Further, the Proposed Transaction enables LCTN to secure a sustainable supply of feedstock for its continuing operations.	
Risks of the Proposed Transaction	<p>The risks in connection with the Proposed Transaction includes the following:</p> <ul style="list-style-type: none">(i) completion risk;(ii) regulatory risk;(iii) risk on price fluctuations; and(iv) risk on commitment of purchase volume.	Section 6
Approvals/consents required	<p>The Proposed Transaction is subject to the following being obtained:</p> <ul style="list-style-type: none">(i) approval of the non-interested Shareholders of LCTH for the Proposed Transaction at an extraordinary general meeting to be convened; and(ii) approval or consent of any other regulatory authority or party, as required.	Section 8
Directors' statement / recommendation	<p>The Board (save for the Interested Directors, who have abstained from deliberating and voting on the resolution in relation to the Proposed Transaction), after having considered all aspects of the Proposed Transaction (including but not limited to the rationale and benefits of the Proposed Transaction), and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Transaction, is of the opinion that the Proposed Transaction is in the best interest of LCTH Group and recommends that you vote in favour of the resolution pertaining to the Proposed Transaction to be tabled at our forthcoming EGM.</p>	Section 14
Audit Committee's statement / recommendation	<p>The Audit Committee having considered all aspects of the Proposed Transaction (including but not limited to the rationale and benefits of the Proposed Transaction) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Transaction is of the opinion that the terms of the Proposed Transaction are:</p> <ul style="list-style-type: none">(i) in the best interests of LCTH Group;(ii) fair, reasonable and on normal commercial terms; and(iii) not detrimental to the interests of the non-interested Shareholders.	Section 15
Estimated time frame for completion	<p>Barring unforeseen circumstances and subject to the relevant approval(s) as described in Section 8 of this Circular having been obtained, the Proposed Transaction is expected to commence from 1 September 2025, being the Commencement Date, for a period of ten (10) years.</p>	Section 16

PART A

**LETTER TO OUR SHAREHOLDERS IN RELATION TO
THE PROPOSED TRANSACTION**



LOTTE CHEMICAL TITAN HOLDING BERHAD

Registration No. 199101012045 (222357-P)
(Incorporated in Malaysia)

Registered office

Lot 29.01, Level 29, 1 Powerhouse,
No. 1, Persiaran Bandar Utama,
Bandar Utama,
47800 Petaling Jaya,
Selangor, Malaysia.

11 August 2025

Board of Directors

Tan Sri Dato' Abdul Rahman Mamat (Chairman, Independent Non-Executive Director)
Jang Seon Pyo (Non-Independent Executive Director, President & Chief Executive Officer)
Ang Ah Leck (Independent Non-Executive Director)
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)
Yu Seung Yong (Non-Independent Executive Director)
Park Jae Sun (Non-Independent Non-Executive Director)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED TRANSACTION

1. INTRODUCTION

On 7 July 2025, our Company announced that LCTN, an indirect 92.5%-owned subsidiary of the Company, has on even date entered into an ethylene sale and purchase agreement with LCI, a 51% subsidiary of our Company ("**SPA**") for the supply of ethylene by LCI to LCTN for a period of ten (10) years in accordance with the terms of the SPA.

LCTN is engaged in the manufacturing of polyethylene whereas LCI is engaged in the manufacturing of upstream petrochemical products, including ethylene. Pursuant to the SPA, LCI shall supply and LCTN shall purchase ethylene, in accordance with the terms and conditions contained therein, as feedstock for LCTN to produce polyethylene products as part of its ordinary course of business. The Proposed Transaction is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of LCTN and is deemed as a recurrent related party transaction under Paragraph 10.02 of the Listing Requirements for the reasons set out in Section 11 of this Circular. Accordingly, our Company has on 18 June 2025 appointed Kenanga IB to act as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders on the fairness and reasonableness of the Proposed Transaction and whether the Proposed Transaction is detrimental to the non-interested Shareholders. The Independent Advice Letter from Kenanga IB in relation to the Proposed Transaction is set out in Part B of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED TRANSACTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED TRANSACTION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL (AS SET OUT IN PART B OF THIS CIRCULAR) TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED TRANSACTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED TRANSACTION

2.1 The SPA

Pursuant to the terms of the SPA, LCI agrees to sell and LCTN agrees to purchase, pay for and receive ethylene during the term of the SPA. The SPA shall commence from 1 September 2025 (“**Commencement Date**”) for a period of ten (10) years (“**SPA Duration**”) subject to the receipt of the approval(s) as described in Section 8 of this Circular.

The annual quantity to be purchased by LCTN shall be 350,000 MT (“**Annual Volume**”) where, for any given month, the quantity of ethylene to be purchased shall be equal to a quantity of ethylene that is a pro-rated quantity of the Annual Volume over 12 months (“**Monthly Default Volume**”). By way of an example, based on the Annual Volume of 350,000 MT, the monthly volume shall be approximately 29,167 MT. The Annual Volume under the SPA corresponds to approximately 75% of LCTN’s current production capacity and feedstock requirements so as to mitigate the risk of feedstock disruption and supports LCTN’s strategic objective to operate at full capacity. By establishing a dedicated and geographically proximate supply line with LCI, the Proposed Transaction also enhances supply chain efficiency.

The purchase price of the ethylene for any given month (“**Purchase Price**”) will be determined based on a unit price of the ethylene supplied to LCTN, as expressed in USD per MT (“**Unit Price**”). The Unit Price shall be calculated based on the monthly average price of the high and low number quoted in the ICIS CFR SEA Ethylene Index published weekly by the ICIS issued in the month preceding the month in which the delivery is made plus a pre-agreed amount in accordance with the SPA.

The total contract value of the SPA is estimated to be USD 2,896,250,000 (equivalent to approximately RM 12,297,477,500) based on the Annual Volume of 350,000 MT for the SPA Duration of ten (10) years at the Purchase Price under the SPA derived using the monthly average price of the high and low number quoted in ICIS CFR SEA Ethylene Index published by the ICIS in the month of July 2025 plus such pre-agreed amount in accordance with the SPA. For the avoidance of doubt, due to the commoditised nature of ethylene, the total contract value of the SPA will depend on the Purchase Price as determined in accordance with the SPA which will fluctuate from month-to-month subject to the ICIS CFR SEA Ethylene Index.

The invoices for delivery of ethylene shall be issued by LCI within five (5) business days after the end of each month setting out the delivered volume, the applicable Unit Price and the invoice amount and, unless otherwise agreed in an order confirmation, that payment in respect of such invoice shall be made by way of telegraphic transfer by LCTN within sixty (60) calendar days from the receipt of the original invoice.

The salient terms of the SPA are set out in **Appendix I** of this Circular.

2.2 Source of funds

The Purchase Price under the SPA will be satisfied in cash (unless otherwise agreed between LCTN and LCI) which will be funded via internally generated funds and/or utilisation of financing facilities.

2.3 Liabilities to be assumed

Save for the obligations and liabilities in and arising from and in connection with the SPA, there are no other liabilities (including contingent liabilities and guarantees) to be assumed by LCTH Group arising from the Proposed Transaction.

3. INFORMATION ON THE PARTIES

3.1 Information on LCTN

LCTN was incorporated in the Republic of Indonesia on 15 August 1990 as a limited liability company under the name of PT Petrokimia Nusantara Interindo. The company changed its name to PT Titan Petrokimia Nusantara on 7 April 2006 before assuming its present name on 18 March 2013.

LCTN is principally involved in manufacturing of industrial artificial resin (synthetic resin) and plastic raw materials, providing sales agency services in relation to polymer products, owning or leasing of real estate, provision of steam, hot water and cold air, wholesale trade of chemical materials and goods and ethylene tank leasing.

As at the LPD, the issued share capital of LCTN is USD 128,750,000 comprising 128,750,000 LCTN Shares.

As at the LPD, the commissioner of LCTN is as follows:

Name	Nationality	Designation
Jang Seon Pyo	Korean	Commissioner

As at the LPD, the directors of LCTN are as follows:

Name	Nationality	Designation
Choi Kyoungyoon	Korean	President Director
Robin Wahjudi Handoko	Indonesian	Director
Rudi Repelita	Indonesian	Director

As at the LPD, none of the commissioner or directors of LCTN has any direct or indirect shareholding in LCTN.

As at the LPD, the substantial shareholders of LCTN and their respective direct and indirect shareholdings in LCTN are as follows⁽¹⁾:

	Country of Incorporation	Direct		Indirect	
		No. of LCTN Shares	%	No. of LCTN Shares	%
LCTT	Republic of Indonesia	128,562,500	99.85	-	-
LCTI ⁽²⁾	Malaysia	187,500	0.15	128,562,500	99.85
LCTH ⁽³⁾	Malaysia	-	-	128,750,000	100.00
LCC ⁽⁴⁾	Republic of Korea	-	-	128,750,000	100.00
LOTTE Corporation ⁽⁵⁾	Republic of Korea	-	-	128,750,000	100.00
Lotte Property & Development Co., Ltd ⁽⁵⁾	Republic of Korea	-	-	128,750,000	100.00
Hotel Lotte Co. Ltd ⁽⁶⁾	Republic of Korea	-	-	128,750,000	100.00
Lotte Holdings Co. Ltd ⁽⁶⁾	Japan	-	-	128,750,000	100.00
Kojunsha Co., Ltd ⁽⁷⁾	Japan	-	-	128,750,000	100.00

Notes:

- (1) Computed based on 128,750,000 LCTN Shares as at the LPD.
- (2) Direct interest in LCTN Shares and deemed interest by virtue of its shareholdings in LCTT pursuant to Section 8(4)(c) of the Act.
- (3) Deemed interest by virtue of our shareholdings in LCTI pursuant to Section 8(4)(c) of the Act. While our Company is interested in 100% of the shares in LCTN by virtue our shareholding in LCTI pursuant to Section 8(4)(c) of the Act, for the avoidance of doubt, our effective interest in LCTN is 92.5% given that we hold only 92.5% interest in LCTT, which is the shareholder of LCTN.
- (4) Deemed interest by virtue of its shareholdings in our Company pursuant to Section 8(4)(c) of the Act.

- (5) Deemed interest by virtue of its shareholdings in LCC pursuant to Section 8(4)(c) of the Act.
- (6) Deemed interest by virtue of its shareholdings in Lotte Property & Development Co., Ltd pursuant to Section 8(4)(c) of the Act.
- (7) Deemed interest by virtue of its shareholdings in Lotte Holdings Co. Ltd pursuant to Section 8(4)(c) of the Act.

As at the LPD, LCTN does not have any subsidiary or associate.

3.2 Information on LCI

LCI was incorporated in the Republic of Indonesia on 9 June 2016 as a private limited company under its present name.

LCI is primarily engaged in the production of basic petrochemicals through its integrated petrochemical complex in Cilegon, Banten. Its main business includes, among others, the large-scale manufacturing of ethylene, propylene, polyethylene, and polypropylene, using naphtha as the primary feedstock. LCI supports both domestic and export markets, contributing to the development of Indonesia's downstream petrochemical industry and reducing dependence on imported raw materials.

As at the LPD, the issued share capital of LCI is USD 1,579,600,000 comprising 1,579,600,000 LCI Shares.

As at the LPD, the commissioners of LCI are as follows:

Name	Nationality	Designation
Kim Yong Hak	Korean	President Commissioner
Jang Seon Pyo	Korean	Commissioner
Yu Seungyong	Korean	Commissioner

As at the LPD, the directors of LCI are as follows:

Name	Nationality	Designation
Yim Dong Hee	Korean	President Director
Cho Jin Woo	Korean	Director
Jung Myung Chul	Korean	Director
Yun Jong Gyu	Korean	Director
Lee Younghoon	Korean	Director

As at the LPD, none of the commissioners or directors of LCI has any direct or indirect shareholding in LCI.

As at the LPD, the substantial shareholders of LCI and their respective direct and indirect shareholdings in LCI are as follows⁽¹⁾:

	Country of Incorporation	Direct		Indirect	
		No. of LCI Shares	%	No. of LCI Shares	%
LCTH	Malaysia	805,596,000	51.00	-	-
LCC ⁽²⁾	Republic of Korea	379,104,000	24.00	805,596,000	51.00
LOTTE Corporation ⁽³⁾	Republic of Korea	-	-	1,184,700,000	75.00
Lotte Property & Development Co., Ltd ⁽³⁾	Republic of Korea	-	-	1,184,700,000	75.00
Hotel Lotte Co. Ltd ⁽⁴⁾	Republic of Korea	-	-	1,184,700,000	75.00
Lotte Holdings Co. Ltd ⁽⁴⁾	Japan	-	-	1,184,700,000	75.00
Kojunsha Co., Ltd ⁽⁵⁾	Japan	-	-	1,184,700,000	75.00
New Star YJ First Co., Ltd	Republic of Korea	97,206,154	6.15	-	-
Green Move 1st Corporation	Republic of Korea	88,093,077	5.58	-	-

Notes:

- (1) Computed based on 1,579,600,000 LCI Shares as at the LPD.
- (2) Direct interest in LCI Shares and deemed interest by virtue of its shareholdings in our Company pursuant to Section 8(4)(c) of the Act.
- (3) Deemed interest by virtue of its shareholdings in LCC pursuant to Section 8(4)(c) of the Act.
- (4) Deemed interest by virtue of its shareholdings in Lotte Property & Development Co., Ltd pursuant to Section 8(4)(c) of the Act.
- (5) Deemed interest by virtue of its shareholdings in Lotte Holdings Co. Ltd pursuant to Section 8(4)(c) of the Act.

As at the LPD, LCI does not have any subsidiary or associate.

3.3 Information on LCC

LCC was incorporated in the Republic of Korea under the Korean Commercial Act on 16 March 1976 as a private limited company under the name of Honam Petrochemical Corp. before it assumed its present name. On 30 May 1991, LCC was converted into a public limited company and was listed on the Korea Stock Exchange (now known as Korea Exchange) on 30 May 1991.

LCC and its subsidiaries are involved in manufacturing and distribution of various petrochemical products whilst LCC's associated companies and jointly-controlled entities are involved in construction, real estate development, chemical production, facility management and natural resource development.

LCC has an authorised share capital of 100,000,000 shares, of which 42,775,419 of KRW 5,000 each LCC Share have been issued and are fully paid-up as at the LPD.

As at the LPD, the board of directors of LCC comprise of:

Name	Nationality	Designation
Mr. Shin Dong-bin	Korean	CEO & Chairman (full-time)
Mr. Lee Young-jun	Korean	CEO & Chairman (full-time)
Mr. Hwang Min-jae	Korean	CEO & Vice-President (full-time)
Mr. Sung Nak-sun	Korean	Inside Director (full-time)
Mr. Cho Woon-hang	Korean	Outside Director (part-time)
Mr. Oh Yoon	Korean	Outside Director (part-time)
Mr. Sohn Byeong-hyeok	Korean	Outside Director (part-time)
Mr. Park Ji-soon	Korean	Outside Director (part-time)
Ms. Cho Hye-sung	Korean	Outside Director (part-time)
Mr. Seo Hwi-weon	Korean	Outside Director (part-time)
Mr. Kim Jong-geun	Korean	Other Non-Executive Director (part-time)

The shareholding of the directors of LCC in LCC as at the LPD are as follows:

Name	No. of LCC Shares held	% ⁽¹⁾
Mr. Lee Young-jun	1,462	— ⁽²⁾
Mr. Hwang Min-jae	894	— ⁽²⁾
Mr. Sung Nak-sun	600	— ⁽²⁾

Notes:

- (1) Computed based on 42,775,419 LCC Shares as at the LPD.
- (2) Negligible.

The details of the substantial shareholders of LCC as at the LPD are set out below:

	Place of Incorporation	No. of LCC Shares held	% ⁽¹⁾⁽²⁾
LOTTE Corporation	Republic of Korea	10,826,458	25.31
Lotte Property & Development Co., Ltd	Republic of Korea	8,555,084	20.00
Lotte Holdings Co., Ltd	Japan	3,932,514	9.19
National Pension Service	Republic of Korea	3,276,074	7.66

Notes:

- (1) Computed based on 42,775,419 LCC Shares as at the LPD.
- (2) There is no requirement under Korean law to have a record of indirect interest.

4. BASIS OF AND JUSTIFICATION FOR THE CONSIDERATION OF THE SPA

The Purchase Price under the SPA was arrived at on a willing-buyer and willing-seller basis and is justifiable, after taking into consideration the following:

(i) Product or Service Characteristics

The pricing reflects the specific features of the goods/services involved (i.e. ethylene), including quality, volume, reliability, and availability of ethylene.

(ii) Functions, Assets and Risks

A functional analysis was carried out to assess the respective roles and risks undertaken by both LCI and LCTN in the Proposed Transaction, including manufacturing, distribution, financing, and marketing activities.

(iii) Contractual Terms

The terms and conditions of the SPA, including rights, responsibilities, risk allocations, and payment terms, are in line with normal commercial practices.

(iv) Market Conditions

Prevailing market rates, pricing benchmarks, supply and demand dynamics, and geographical factors were taken into account to align with normal commercial terms.

(v) Business Strategy Considerations

The pricing also supports LCTH Group's strategic objectives, including market development or penetration, and may reflect short-term adjustments such as start-up costs or promotional pricing.

5. RATIONALE AND BENEFITS OF THE PROPOSED TRANSACTION

LCTN currently procures ethylene from external third-party suppliers on both spot or term contract basis, exposing its operations to volatility in logistics costs, short-term contractual terms and procurement service fees if source through an agent, as the case may be. Further, starting from May 2025, LCTN has also engaged with LCI under spot contracts basis for ethylene supply. The Proposed Transaction is expected to create synergistic effect between LCTN and LCI, including the supply of ethylene from LCI to LCTN, and generate positive impacts for LCTH Group where, from a long-term perspective, LCTN is expected to benefit from a more competitive and stable ethylene purchase price due to its proximity in terms of geographical location to LCI, which enables more efficient logistics from both time and cost perspectives compared to sourcing from other import vendors. Further, the Proposed Transaction enables LCTN to secure a sustainable supply of feedstock for its continuing operations.

6. RISKS OF THE PROPOSED TRANSACTION

6.1 Completion risk

The Proposed Transaction is subject to the approval(s) as described in Section 8 of this Circular. There is no assurance that such approval will be obtained and if such approval is not obtained, the Proposed Transaction might be delayed or terminated. The Board will take all reasonable steps to procure the obtaining of such approval in a timely manner, to avoid delays or termination and to facilitate the commencement of the Proposed Transaction.

6.2 Regulatory risk

The Proposed Transaction may be affected by any change in the regulatory environment in the relevant jurisdictions. Such risks include, but are not limited to changes in government policies including changes in the applicable legislation on taxation and foreign exchange regulations. There can be no assurance that any unfavourable development in the prevailing regulatory environment will not have any material impact on the Proposed Transaction. Nevertheless, the Board will endeavour to ensure compliance with any changes in the regulatory environment in the relevant jurisdictions.

6.3 Risk on price fluctuations

Due to the commoditised nature of ethylene and polyethylene, the market prices of ethylene and polyethylene fluctuate from time to time. Although there are benchmark prices that apply to these products, it is not mandatory for exports or imports to adopt any benchmark prices. There is no assurance that the Unit Price for the purchase of ethylene from LCI under the SPA will be or will remain lower than the market price or sources from other suppliers which may be available to LCTN. In such event, LCTN's ability to compete effectively in the market to preserve its market position or market share may be affected. Nonetheless, under the SPA, in the event that governmental or other external conditions change the economic relationship between LCTN and LCI to the gross disadvantage of one of them in a manner for which no adequate relief is provided in the SPA, the relevant party believing it is so disadvantaged may, upon sixty (60) days' notice to the other, initiate a discussion to seek equitable resolution of the alleged hardship including revision of the terms of the SPA.

6.4 Risk on commitment of purchase volume

Under the SPA, in the event the purchase of ethylene by LCTN from LCI falls below the Monthly Default Volume for any given month due to reasonable grounds such as operational disruption, LCTN and LCI shall reasonably agree on an alternative volume for that month and, on a case by case basis, agree on a premium to be added to the pricing of that purchase order. In the event there is a downturn in relation to demand of polyethylene in the market or operational disruption to the business or plants of LCTN, LCTN may not be able to fully utilise the Monthly Default Volume or the Annual Volume that it committed to purchase under the SPA and may be required to incur additional costs under the SPA. Nonetheless, under the SPA, in the event that governmental or other external conditions change the economic relationship between LCTN and LCI to the gross disadvantage of one of them in a manner for which no adequate relief is provided in the SPA, the relevant party believing it is so disadvantaged may, upon sixty (60) days' notice to the other, initiate a discussion to seek equitable resolution of the alleged hardship including revision of the terms of the SPA.

7. EFFECTS OF THE PROPOSED TRANSACTION

7.1 Share capital and substantial shareholders' shareholding

The Proposed Transaction is not expected to have any effect on the share capital of LCTH and the shareholding of the substantial shareholders of LCTH as the Proposed Transaction does not entail the issuance of new LCTH Shares.

7.2 NA per share and gearing

The Proposed Transaction is not expected to have any material effect on the NA per share and the gearing of LCTH for the FYE 31 December 2025.

7.3 EPS per LCTH Share

The Proposed Transaction is not expected to have any material effect on the earnings and EPS of LCTH for FYE 31 December 2025.

8. APPROVALS / CONSENTS REQUIRED

The Proposed Transaction is subject to the following being obtained:

- (i) approval of the non-interested Shareholders of LCTH for the Proposed Transaction at an extraordinary general meeting to be convened; and
- (ii) approval or consent of any other regulatory authority or party, as required.

9. CONDITIONALITY OF THE PROPOSED TRANSACTION

The Proposed Transaction is not conditional upon any other corporate exercise/scheme of our Company.

10. OUTSTANDING CORPORATE EXERCISE / SCHEME ANNOUNCED BUT PENDING COMPLETION

There is no other outstanding corporate exercise/scheme which has been announced by our Company but pending completion before the printing of this Circular.

11. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors of LCTH and/or major shareholders of LCTH and/or persons connected with them has any interest, direct or indirect, in the Proposed Transaction:

11.1 Interested Shareholders

As at the LPD, LCC is a 75.86% major shareholder of LCTH and a 24% shareholder of LCI. Hence, LCC is deemed interested in the Proposed Transaction.

LCC will abstain from voting in respect of its direct and/or indirect shareholdings in LCTH on the resolution approving the Proposed Transaction to be tabled at the forthcoming extraordinary general meeting to be convened. LCC has undertaken that it will also ensure that persons connected with it who have interests in the shares in LCTH will abstain from voting in respect of their direct and/or indirect shareholdings in LCTH on the resolution in relation to the Proposed Transaction to be tabled at the forthcoming extraordinary general meeting to be convened.

The direct and/or indirect interests of the interested Shareholders as at the LPD are as follows⁽¹⁾:

	Direct		Indirect	
	No. of LCTH Shares	%	No. of LCTH Shares	%
LCC	1,727,791,500	75.86	-	-
LOTTE Corporation ⁽²⁾	-	-	1,727,791,500	75.86
Lotte Property & Development Co., Ltd ⁽²⁾	-	-	1,727,791,500	75.86

Hotel Lotte Co. Ltd ⁽³⁾	-	-	1,727,791,500	75.86
Lotte Holdings Co. Ltd ⁽³⁾	-	-	1,727,791,500	75.86
Kojunsha Co., Ltd ⁽⁴⁾	-	-	1,727,791,500	75.86

Notes:

- (1) Computed based on 2,277,556,540 LCTH Shares (excluding 34,808,000 treasury shares) as at the LPD.
(2) Deemed interest by virtue of its shareholdings in LCC pursuant to Section 8(4)(c) of the Act.
(3) Deemed interest by virtue of its shareholdings in Lotte Property & Development Co., Ltd pursuant to Section 8(4)(c) of the Act.
(4) Deemed interest by virtue of its shareholdings in Lotte Holdings Co. Ltd pursuant to Section 8(4)(c) of the Act.

11.2 Interested Directors

Mr Jang Seon Pyo is a non-independent executive director, president and chief executive officer of LCTH. Mr Yu Seung Yong is a non-independent executive director of LCTH. Ms Park Jae Sun is a non-independent non-executive director of LCTH. Premised on their appointment to the Board as representatives of LCC, Mr Jang Seon Pyo, Mr Yu Seung Yong and Ms Park Jae Sun are deemed interested in the Proposed Transaction ("**Interested Directors**"). As such, they have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings and on the resolution pertaining to the Proposed Transaction to be tabled at the forthcoming extraordinary general meeting to be convened. The Interested Directors have further undertaken to ensure that persons connected with them will abstain from voting on the resolution pertaining to the Proposed Transaction at the forthcoming extraordinary general meeting to be convened.

None of the Interested Directors is directly or indirectly interested in LCTH Shares as at the LPD.

12. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the recurrent related party transactions that are disclosed in LCTH's circular to shareholders dated 4 April 2025 for which shareholder mandates have been sought, in the last 12 months preceding the LPD, LCTH Group's total transaction value with LCC and its group of companies, and persons connected with them amounted to RM56,233,158.84 as shown below:

	Type of transactions	Transacting Party	Related party with whom the LCTH Group is transacting	Value ⁽¹⁾ RM
1.	Purchase contract for the purchase of Mono Ethylene Glycol by LCI.	LCI	LCC	22,496.76
2.	Tenancy in respect of the portion of the land held under H.S.(D) 310853 Lot No. PTD 2855, Mukim of Sungai Tiram, District of Johor Bahru in the State of Johor measuring approximately 152,783 square feet granted by LCTM to LUSR for the purpose of a temporary site office and the storage of materials and scrap from 1 January 2025 to 31 July 2025 with rental fee of RM19,728.98 per month.	LCTM	LUSR	138,102.86
3.	Purchase of laboratory chemicals by LCTM from LUSR.	LCTM	LUSR	114.00
4.	Provision of Lotte Global HR Forum and Training by Lotte Academy and JTB to employees of LCTM and/or LCTC.	LCTM and LCTC	Lotte Academy and JTB	19,771.27

5.	Provision of manpower services such as technical, procurement, tax, finance, legal, account payable, cash disbursement, information technology, human resources, admin and general affairs services by LCTN to LCI.	LCTN	LCI	498,168.76
6.	Provision of support services to LCEPID in relation to the sublease of office space by LCTN to LCEPID. The support services include information technology, general affairs and manpower support from other LCTN units / departments.	LCTN	LCEPID	38,173.75
7.	Provision of professional services from LCC to LCI with respect to the realisation of the LINE Project (as defined below) for the production of olefins and derivatives including ethylene, propylene, butadiene, benzene and toluene.	LCI	LCC	213,352.24
8.	Provision of land by LCTN to be leased to and utilised by LCI for the construction of a petrochemical complex (" LINE Project ") with an area of 420,693 m ² from 1 July 2019 to 21 February 2025 (" Lease Period "). The Lease Period will be automatically extended for 20 years (" Lease Period Extension ") and the Lease Period Extension will be automatically extended for 30 years.	LCTN	LCI	5,679,492.66
9.	Cost-sharing agreement for the joint performance of tasks by the Chemical HQ affiliates or for the provision of management advisory and/or support services by the service team at Chemical HQ to the Chemical HQ affiliates.	LCTC	LCC, Lotte Aluminium Co., Ltd., Lotte Fine Chemical Co., Ltd., Lotte Chemical USA Corporation and Lotte Energy Materials Co., Ltd.	1,734,469.20
10.	Sublease of part of LCTC's office area to LAM from 1 December 2022 to 10 November 2025 with an area of approximately 1,582 square feet.	LCTC	LAM	144,000.00
11.	Provision of international airline ticket services by JTB to LCI for LCI's executives and employees.	LCI	JTB	1,585,127.36
12.	Sublease of LCTN's office area to LCEPID from 12 January 2024 to 28 February 2027 with an area of 77.8 m ² .	LCTN	LCEPID	95,341.64
13.	Provision of technical services to LCTM to support the improvement of physical properties of LCTM's existing chemicals and polymer products, as well as development of new products.	LCTM	LCC	681,675.00

14.	Provision of services by LCC in procuring sellers of Naphtha, C3 Liquefied Petroleum Gases, C4 Liquefied Petroleum Gases, Ethylene and Propylene for the purpose of facilitating LCI's timely procurement of these materials for the cracker commissioning.	LCI	LCC	1,052,333.16
15.	Supply of manpower service as well as tools and equipment, including forklifts, forklift handlers, accessories and safety equipment by LGLI to LCI.	LCI	LGLI	594,743.12
16.	Fee Reimbursement Agreement to reimburse LCC in consideration of the license and rights granted to LCTC to use the LOTTE Environment Energy Total Service (LETS), a platform designed to manage environmental, social and governance key performance index.	LCTC	LCC	2,250.07
17.	Supply of Hydrogen from LCTN to LCI to meet LCI's Polypropylene unit Hydrogen needs prior to the commissioning of LCI's Naphtha Cracker.	LCTN	LCI	65,794.58
18.	Supply of Low Pressure Steam from LCTN to LCI for regeneration of LCI's Raw Water Treatment Unit.	LCTN	LCI	70,558.31
19.	The provision of services by LCTN as LCI's sales representative or agent for polypropylene products produced by LCI, leveraging LCTN's sales expertise and resources to identify potential buyers and enhance business efficiency.	LCTN	LCI	36,213.25
20.	Sale of propylene from LCI to LCTM.	LCTM	LCI	14,711,423.29
21.	Provision of technical services by LCC to support LCI's establishment in the domestic polypropylene market, provide training sessions to strengthen the capacity of technical service and product development personnel, and assisting in product analysis with the use of analytical equipment.	LCI	LCC	60,693.35
22.	Sale of ethylene products from LCI to LCTN.	LCTN	LCI	28,463,349.35
23.	Lease of LCTN-owned liquid ethylene storage tank and pipeline to receive, handle, and store LCI's ethylene products, including liquid cargo jetty for loading and shipping of LCI's ethylene products.	LCTN	LCI	325,514.86

Note:

(1) The transaction values are calculated at the BNM's closing rate for the foreign currency as at the transaction dates and for recurrent related party transactions, based on the monthly aggregated transacted value and calculated at the monthly average BNM closing rate for the foreign currency for that particular month, as applicable.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Transaction pursuant to Paragraph 10.02(g) of the Listing Requirements of Bursa Securities is approximately 130.58% based on the Annual Volume for the SPA Duration at the Purchase Price derived using the monthly average price of the high and low number quoted in ICIS CFR SEA Ethylene Index published by the ICIS in the month of July 2025 plus the pre-agreed amount in accordance with the SPA.

14. DIRECTORS' STATEMENT / RECOMMENDATION

The Board (save for the Interested Directors, who have abstained from deliberating and voting on the resolution in relation to the Proposed Transaction), after having considered all aspects of the Proposed Transaction (including but not limited to the rationale and benefits of the Proposed Transaction), and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Transaction, is of the opinion that the Proposed Transaction is in the best interest of LCTH Group and recommends that you vote in favour of the resolution pertaining to the Proposed Transaction to be tabled at our forthcoming EGM.

15. AUDIT COMMITTEE'S STATEMENT / RECOMMENDATION

The Audit Committee having considered all aspects of the Proposed Transaction (including but not limited to the rationale and benefits of the Proposed Transaction) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Transaction is of the opinion that the terms of the Proposed Transaction are:

- (i) in the best interests of LCTH Group;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the non-interested Shareholders.

16. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances and subject to the relevant approval(s) as described in Section 8 of this Circular having been obtained, the Proposed Transaction is expected to commence from 1 September 2025, being the Commencement Date, for a period of ten (10) years.

17. EGM

The resolution pertaining to the Proposed Transaction will be tabled at our forthcoming EGM. This Circular is available at <https://www.lottechem.my/investor/agm.asp>.

The EGM 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 Tuesday, 26 August 2025 at 10.00 a.m.

The voting of the EGM will be conducted by poll. If you are unable to attend and vote by yourself at the EGM, please complete, execute and deposit the Form of Proxy, in accordance with the instructions therein, to our share registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia no later than Sunday, 24 August 2025 at 10.00 a.m. The proxy appointment may also be lodged electronically via Tricor's TIH Online website at <https://tiah.online> no later than Sunday, 24 August 2025 at 10.00 a.m.. For further information on the electronic lodgement of Form of Proxy, kindly refer to the Administrative Notes of the EGM.

You may attend and vote by yourself at our forthcoming EGM if you wish to do so even after you have completed and returned the Form of Proxy so long as you revoke the appointment of your proxy prior to the EGM.

18. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
LOTTE CHEMICAL TITAN HOLDING BERHAD

Tan Sri Dato' Abdul Rahman Mamat
Independent Non-Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER FROM KENANGA IB TO THE NON-INTERESTED
SHAREHOLDERS OF LCTH IN RELATION TO THE PROPOSED TRANSACTION**

EXECUTIVE SUMMARY

All capitalised terms used in this Executive Summary shall have the same meanings as the words and expressions defined in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to “we”, “us” or “our” in this Executive Summary are references to Kenanga IB, being the Independent Adviser for the Proposed Transaction.

This Executive Summary is intended to be a brief summary of the IAL which has been prepared by Kenanga IB to provide the non-interested Shareholders with an independent evaluation of the Proposed Transaction and to express our recommendation on the Proposed Transaction.

You are advised to read and understand both this IAL and the letter from the Board set out in Part A of the Circular together with the accompanying appendices, and to carefully consider the evaluations and recommendations contained in both the letters before voting on the resolution pertaining to the Proposed Transaction to be tabled at the forthcoming EGM of the Company.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1. INTRODUCTION

On 7 July 2025, the Board announced that LCTN, an indirect 92.5%-owned subsidiary of the Company, has entered into an ethylene sale and purchase agreement with LCI, a 51%-owned subsidiary of the Company for the supply of ethylene by LCI to LCTN for a period of ten (10) years in accordance with terms of the SPA.

In view of the interests of the Interested Directors and Interested Shareholders as set out in **Section 11 of Part A of the Circular**, as well as the recurrent and revenue/trading nature of the Proposed Transaction which is necessary for the day-to-day operations of LCTN, the Proposed Transaction is deemed to be a recurrent related party transaction under Paragraph 10.02 of the Listing Requirements. Accordingly, the Board had, on 18 June 2025, appointed Kenanga IB to act as the Independent Adviser to advise the non-interested Shareholders in respect of the Proposed Transaction.

2. EVALUATION OF THE PROPOSED TRANSACTION

In evaluating the Proposed Transaction, we have taken into consideration the following:

Consideration factors	Reference in the IAL	Evaluation
Rationale and benefits of the Proposed Transaction	Section 6.1	<p>The Proposed Transaction is expected to create a synergistic effect between LCTN and LCI and generate positive impacts for the LCTH Group. From a long-term perspective, the Proposed Transaction would accord LCTN with, amongst others, the following benefits:</p> <ul style="list-style-type: none">(i) a more transparent and stable ethylene Purchase Price;(ii) cost efficiency arising from the reduced logistics costs which enables both LCTN and LCI to equitably share the resultant cost savings; and(iii) establishing a more sustainable and secured supply of feedstock.

Premised on the above, we are of the view that the rationale and benefits of the Proposed Transaction are **reasonable**.

Basis of and the justification for the consideration of the SPA	Section 6.2	<p>As detailed in Section 4 of Part A of the Circular, the consideration of the SPA was arrived on a “willing buyer - willing seller” after taking into consideration, amongst others, the following:</p> <ul style="list-style-type: none">(i) product or service characteristics;(ii) functions, assets and risks;(iii) contractual terms;(iv) market conditions; and(v) business strategy considerations. <p>We believe that the consideration of the SPA is also justifiable based on the following:</p> <ul style="list-style-type: none">(i) the SPA presents a more cost-efficient alternative by eliminating additional expenses such as transportation, insurance and vessel freight costs through the direct delivery of ethylene via pipeline;(ii) the pricing mechanism under the SPA is referenced against the ICIS CFR SEA ethylene index, which is a widely recognised industry benchmark; and(iii) the SPA incorporates a payment term with a pre-agreed premium on top of ICIS CFR Price for settlement by LCTN within sixty (60) days, to compensate for the longer credit terms offered in comparison to the typical credit terms offered by other suppliers (e.g. thirty (30) days). This extended credit period improves LCTN working capital management and provides greater financial flexibility in managing cash flows, particularly in a commodity-based business subject to pricing volatility.
Salient terms of the SPA	Section 6.3	<p>Based on our review of the salient terms of the SPA, we are of the view that the overall terms and conditions of the SPA are reasonable and not detrimental to the interests of the non-interested Shareholders.</p>
Effects of the Proposed Transaction	Section 6.4	<p>The Proposed Transaction is expected to have the following effects:</p> <ul style="list-style-type: none">(i) no effect on the share capital and substantial Shareholders’ shareholdings of LCTH as the Proposed Transaction does not involve the issuance of new ordinary shares in LCTH;(ii) not expected to have any material effect on the earnings and EPS of LCTH for the financial year ending 31 December 2025; and

(iii) not expected to have any material effect on the net assets per share and the gearing of LCTH for the financial year ending 31 December 2025.

We are of the opinion that the effects of the Proposed Transaction are **reasonable** and are not **detrimental** to the interests of the non-interested Shareholders.

Overview and outlook of the Indonesian economy **Section 6.5** Taking into consideration, amongst others, the growth recorded on the Indonesian economy of 4.9% in the first quarter of 2025. We are of the view that, barring any unforeseen circumstances, the Proposed Transaction is envisaged to have a positive impact on to the Group.

Risk factors in relation to the Proposed Transaction **Section 6.6** The risk factors associated with the Proposed Transaction are as follows:

- (i) completion risk;
- (ii) regulatory risk;
- (iii) risk on price fluctuations; and
- (iv) risk on commitment of purchase volume.

We note that the abovementioned risks are the typical risks associated with the business of LCTH and are inherent in transactions of this nature.

We wish to highlight that although measures have been/will be taken by LCTH to mitigate such risks associated with the Proposed Transaction, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of LCTH, its financial performance or prospects thereon.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Transaction and our evaluation is set out in **Section 6 of this IAL**. The non-interested Shareholders should carefully consider the justifications for the Proposed Transaction based on all relevant and pertinent factors including those set out in this IAL as well as those set out in **Part A of the Circular** together with the relevant appendices thereof, this IAL and other publicly available information.

Premised on our evaluation of the Proposed Transaction in **Section 6 of this IAL**, we are of the opinion that the Proposed Transaction is **fair** and **reasonable** and **not detrimental** to the interests of non-interested Shareholders.

Accordingly, we recommend that the non-interested Shareholders to **vote in favour** of the resolution pertaining to the Proposed Transaction to be tabled at the forthcoming EGM of the Company.

11 August 2025

To: The non-interested shareholders of Lotte Chemical Titan Holding Berhad

Dear Sir/Madam,

LOTTE CHEMICAL TITAN HOLDING BERHAD

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF LCTH IN
RELATION TO THE PROPOSED TRANSACTION**

This Independent Advice Letter (“IAL”) is prepared for the inclusion in the Circular. All definitions used in this IAL shall have the same meanings as the words and expressions defined in the “Definitions” section of the Circular, except where the context otherwise requires or otherwise as defined herein. All references to “we”, “us” or “our” in this IAL are references to Kenanga IB, being the Independent Adviser for the Proposed Transaction.

1. INTRODUCTION

On 7 July 2025, the Board announced that LCTN, an indirect 92.5%-owned subsidiary of the Company, has entered into an ethylene sale and purchase agreement with LCI, a 51%-owned subsidiary of the Company for the supply of ethylene by LCI to LCTN for a period of ten (10) years in accordance with terms of the SPA.

In view of the interests of the Interested Directors and Interested Shareholders as set out in **Section 11 of Part A of the Circular**, as well as the recurrent and revenue/trading nature of the Proposed Transaction which is necessary for the day-to-day operations of LCTN, the Proposed Transaction is deemed to be a recurrent related party transaction under Paragraph 10.02 of the Listing Requirements. Accordingly, the Board had, on 18 June 2025, appointed Kenanga IB to act as the Independent Adviser to advise the non-interested Shareholders in respect of the Proposed Transaction.

The purpose of this IAL is to:

- (i) provide the non-interested Shareholders with an independent evaluation of the Proposed Transaction and to comment as to whether the Proposed Transaction is fair and reasonable so far as the non-interested Shareholders are concerned;
- (ii) comment as to whether the Proposed Transaction is to the detriment of the non-interested Shareholders; and
- (iii) provide our recommendation whether the non-interested Shareholders should vote in favour of the resolution pertaining to the Proposed Transaction to tabled at the Company's forthcoming EGM.

Nonetheless, the non-interested Shareholders should rely on their own evaluation of the merits of the Proposed Transaction before deciding on the course of action to be taken at the forthcoming EGM of the Company.

This IAL is prepared solely for the use of the non-interested Shareholders for the purpose of considering the merits of the Proposed Transaction and should not be used or relied upon by any other party or for any other purposes whatsoever.

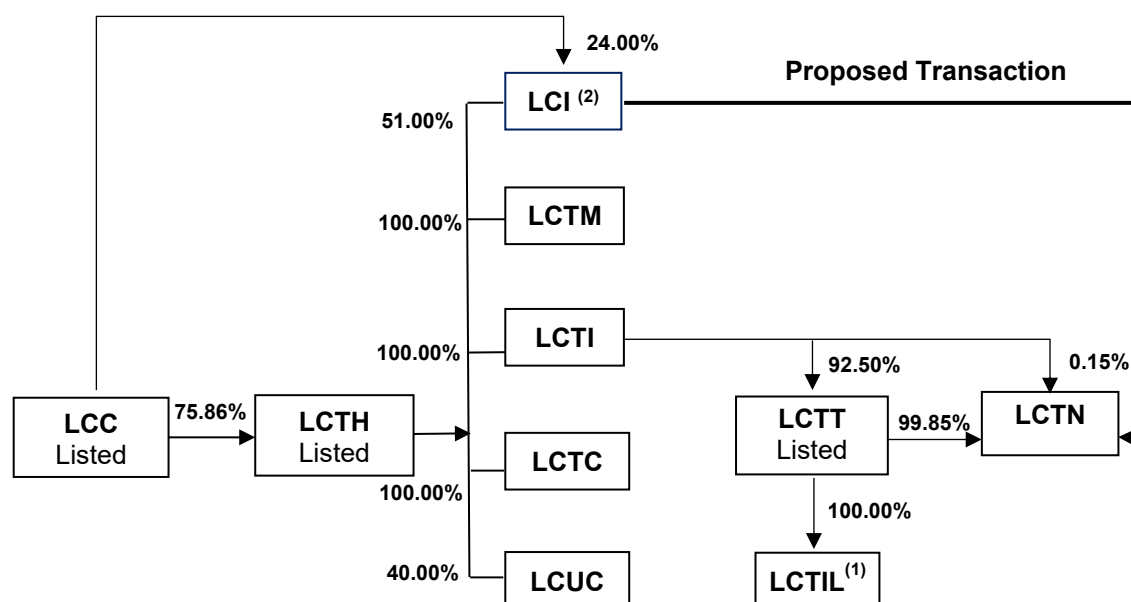
YOU ARE ADVISED TO READ AND UNDERSTAND BOTH THIS IAL AND THE LETTER FROM THE BOARD SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE EVALUATIONS AND RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED TRANSACTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED TRANSACTION

The Proposed Transaction entails the SPA entered between LCTN and LCI, whereby LCI agrees to supply, and LCTN agrees to purchase, pay for and receive ethylene for a period of ten (10) years from the Commencement Date.

The diagram below depicts the shareholding structure of LCI and LCTN as at the LPD, as well as the structure of the Proposed Transaction:



Notes:

(1) In liquidation

(2) The remaining 25.00% equity interest in LCI is held by one securities company and five special purpose corporations established by five securities companies.

Pursuant to the terms of the SPA, the Annual Volume to be purchased by LCTN shall be 350,000 MT, or equivalent to a Monthly Default Volume of approximately 29,167 MT. The Annual Volume under the SPA corresponds to approximately 75% of LCTN's current production capacity and feedstock requirements so as to mitigate the risk of feedstock disruption and supports LCTN's strategic objective to operate at full capacity. By establishing a dedicated and geographically proximate supply line with LCI, the Proposed Transaction also enhances supply chain efficiency. The Purchase Price shall be determined based on the Unit Price of the ethylene that is being supplied to LCTN which shall be calculated based on the monthly average price of the high and low number quoted in the ICIS CFR SEA Ethylene Index published weekly by the ICIS issued in the month preceding the month in which the delivery is made plus a pre-agreed amount in accordance with the SPA. The Purchase Price shall be satisfied in cash (unless otherwise agreed between LCTN and LCI).

The total contract value of the SPA is estimated to be USD2,988,125,000 (equivalent to approximately RM12,690,566,875) based on the SPA Duration at the Purchase Price derived based on the monthly average price of the high and low number quoted in ICIS CFR SEA Ethylene Index published by the ICIS in the month of July 2025 plus such pre-agreed amount in accordance with the SPA. For the avoidance of doubt, due to the commoditised nature of ethylene, the total contract value of the SPA will depend on the Purchase Price as determined in accordance with the SPA which will fluctuate from month-to-month subject to the ICIS CFR SEA Ethylene Index.

Further details of the Proposed Transaction are set out in **Sections 2 of Part A of the Circular**, and should be read in its entirety.

3. **INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below and as set out in **Section 11 of Part A of the Circular**, none of the other Directors and/or major Shareholders or any persons connected to them have any interest, direct or indirect, in the Proposed Transaction.

LCC is a 75.86% major shareholder of LCTH and a 24% shareholder in LCI. Hence, LCC is deemed interested in the Proposed Transaction and will abstain from voting in respect of its direct and/or indirect shareholdings in LCTH on the resolution approving the Proposed Transaction to be tabled at the forthcoming EGM. LCC has also undertaken that it shall ensure that all persons connected to it will abstain from voting in respect of their direct or indirect shareholdings in LCTH, if any, on the resolution pertaining to the Proposed Transaction to be tabled at the forthcoming EGM.

Mr. Jang Seon Pyo is a Non-Independent Executive Director, President and Chief Executive Officer of LCTH. In addition, Mr. Yu Seung Yong is a Non-Independent Executive Director of LCTH, while Ms. Park Jae Sun is a Non-Independent Non-Executive Director of LCTH. Premised on their appointment to the Board as representatives of LCC, Mr. Jang Seon Pyo, Mr. Yu Seung Yong and Ms. Park Jae Sun are deemed interested in the Proposed Transaction (collectively referred to as the **"Interested Directors"**). Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings on the resolution pertaining to the Proposed Transaction to be tabled at the forthcoming EGM. The Interested Directors have also undertaken that they shall ensure that all persons connected with them will abstain from voting in respect of their direct or indirect shareholdings in LCTH, if any, on the resolution pertaining to the Proposed Transaction at the forthcoming EGM.

As at the LPD, none of the Interested Directors are directly or indirectly interested in the shares of LCTH.

The details of the Interested Directors and interested major Shareholders, and persons connected with them are set out in **Section 11 of Part A of the Circular**.

4. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED TRANSACTION

Kenanga IB was not involved in the formulation, deliberation and negotiation or discussions pertaining to the terms and conditions of the Proposed Transaction. The terms of reference of our appointment as the Independent Adviser to the non-interested Shareholders are in accordance with the requirements as set out in Paragraph 10.08(2) and (3) of the Listing Requirements. Kenanga IB's scope as the Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Transaction insofar as the non-interested Shareholders are concerned based on the information and documents made available to us but not limited to the following:

- (i) information contained in **Part A of the Circular** together with the accompanying appendices;
- (ii) the SPA;
- (iii) other relevant information, documents, confirmations and/or representations provided by the Board and management of LCTH ("**Management**"), or obtained in or derived from discussions with the Board and Management; and
- (iv) other relevant publicly available information.

It is not within our terms of reference to express any opinion on legal, accounting and taxation, commercial risks or commercial merits of the Proposed Transaction which remains the sole responsibility of the Board, and where comments or points of consideration are included on certain pertinent matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure.

We have made due enquiries and have relied on the Board and Management to exercise due care to ensure that all information, documents and representations, provided to us to facilitate our evaluations, represents a true and accurate disclosure of all material facts and information in respect of the Proposed Transaction and are complete in all material respects. The Board has seen, reviewed and accepted this IAL. We have also undertaken reasonableness checks and where possible, corroborating such information with independent sources. The Board has, individually and collectively, accepted full responsibility for the accuracy, validity and completeness of the information provided and given herein (save for our assessment, evaluations and opinions) and has confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statements or other facts and/or information, the omission of which would make any statement or information in this IAL incomplete, inaccurate or misleading as at the LPD.

Accordingly, having made all reasonable enquiries and to the best of our knowledge and belief, we are satisfied with the sufficiency of the information provided and disclosure from the Board and Management, and we have no reason to believe that any of the information is unreasonable, unreliable, inaccurate, incomplete and/or that there are any facts not contained in this IAL, the omission of which would make any information in this IAL misleading.

Our evaluations and opinions as set out in this IAL are based upon market, economic, industry, regulatory and other conditions (if applicable) and the information/documents made available to us, as at the LPD. Such conditions may change significantly over a period of time. Accordingly, our evaluations and opinions in this IAL do not consider the information, events and conditions arising after the LPD.

We will notify the non-interested Shareholders, if after the despatch of the Circular, we:

- (i) become aware of any significant change affecting the information contained in this IAL;
- (ii) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or
- (iii) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested Shareholders if there are material changes in our recommendation or the accuracy of the completeness of the information contained in this IAL.

In forming our opinion, we have considered factors which we believe would be of relevance and general importance to the non-interested Shareholders as a whole. We have not taken into consideration any specific investment objective, financial situation, risk profiles or particular needs of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Transaction in the context of their individual objectives, financial situation, risk profiles or particular needs, to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers. We shall not be liable for any damage or loss of any kind sustained or suffered by any individual Shareholder or any specific group of Shareholders relying on the evaluation as set out in this IAL for any purpose whatsoever.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

Save for our appointment as the Independent Adviser for the Proposed Transaction, we do not have any other professional relationship with LCTH for the past two (2) years preceding the LPD. We confirm that there is no situation of conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser to LCTH for the Proposed Transaction.

We provide a range of advisory services which include, amongst others, mergers, acquisitions and divestitures, take-overs/general offers, fund raising and initial public offerings. We have experience in the independent analysis of transactions and issuing opinions on whether the terms and financial conditions of a transaction are deemed fair and reasonable, including those of acquisitions, disposals and general offers. We are a holder of a Capital Markets Services Licence issued by the Securities Commission Malaysia as a principal adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007.

Our credentials and experience as an Independent Adviser since 2019 up to the LPD, include amongst others, the following:

No.	Company	Proposal
1.	Sapura Energy Berhad ("SEB")	Independent advice letter dated 8 July 2025 to the non-interested directors and shareholders of SEB pertaining to the proposed exemption of the major shareholder and its PACs from the obligation to undertake a mandatory general offer under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("Rules").
2.	FGV Holdings Berhad ("FGV")	Independent advice letter dated 26 June 2025 to the holders of the offer shares in FGV pertaining to the proposed unconditional voluntary take-over offer under the Rules.
3.	Lianson Fleet Group Berhad ("LFG")	Independent advice letter dated 11 June 2025 to the non-interested directors and shareholders of LFG pertaining to the proposed exemption of the indirect major shareholder and its PACs from the obligation to undertake a mandatory general offer under the Rules.
4.	Parkwood Holdings Berhad ("Parkwood")	Independent advice letter dated 17 April 2025 to the non-interested shareholders of Parkwood pertaining to the proposed exemption of the major shareholder and its PACs from the obligation to undertake the mandatory general offer under the Rules.
5.	ICON Offshore Berhad ("ICON")	Independent advice letter dated 10 January 2025 to the non-interested shareholders of ICON in relation to the proposed related party acquisitions.
6.	Ranhill Utilities Berhad ("Ranhill")	Independent advice circular dated 28 June 2024 to the non-interested directors and the holders of the offer shares in Ranhill pertaining to an unconditional mandatory take-over offer under the Rules.
7.	UMW Holdings Berhad ("UMW")	Independent advice circular dated 8 January 2024 to the holders of the offer shares in UMW pertaining to an unconditional mandatory take-over offer under the Rules.
8.	Pelikan International Corporation Berhad ("PICB")	Independent advice letter dated 7 September 2023 to the non-interested shareholders of PICB pertaining to a proposed disposal.
9.	Malaysian Building Society Berhad ("MBSB")	Independent advice letter dated 12 July 2023 to the non-interested shareholders of MBSB in relation to a proposed acquisition of 100% equity interest of Malaysian Industrial Development Finance Berhad from its sole shareholder, Permodalan Nasional Berhad.
10.	Sunway Real Estate Investment Trust ("Sunway REIT")	Independent advice letter dated 31 May 2023 to the non-interested unitholders of Sunway REIT pertaining to a proposed acquisition.

No.	Company	Proposal
11.	Lingkaran Trans Kota Holdings Berhad (" LITRAK ")	Independent advice letter dated 15 May 2023 to the non-interested shareholders of LITRAK pertaining to a proposed capital reduction and repayment, and proposed delisting.
12.	Boustead Holdings Berhad (" Boustead ")	Independent advice circular dated 17 April 2023 to the holders of the offer shares in Boustead pertaining to a conditional voluntary take-over offer under the Rules.
13.	CapitaLand Malaysia Trust (" CLMT ")	Independent advice letter dated 8 February 2023 to the non-interested unitholders of CLMT pertaining to the proposed acquisition of 433 strata titles within Queensbay Mall held by Special Coral Sdn Bhd, and the entire equity stakes in Scenic Growth Sdn Bhd, Luxury Ace Sdn Bhd, Success Idea Sdn Bhd, and Milky Way Hypermarkets / Retail Complexes Berhad.
14.	Lion Posim Berhad (" LPB ")	Independent advice letter dated 17 November 2022 to the non-interested shareholders of LPB pertaining to a proposed unincorporated joint venture and proposed diversification.
15.	Cycle & Carriage Bintang Berhad (" CCB ")	Independent advice circular dated 15 August 2022 to the holders of the offer shares in CCB pertaining to an unconditional voluntary take-over offer under the Rules.
16.	Shin Yang Shipping Corporation Berhad (" SYSCORP ")	Independent advice letter dated 17 May 2022 to the non-interested shareholders of SYSCORP pertaining to the proposed acquisition of Piasau Gas Sdn Bhd.
17.	IJM Plantations Berhad (" IJMP ")	Independent advice circular dated 30 September 2021 to the holders of the offer shares in IJMP pertaining to an unconditional mandatory take-over offer under the Rules.
18.	Malton Berhad (" Malton ")	Independent advice letter dated 15 August 2019 to the non-interested shareholders of Malton pertaining to the proposed disposal of equity interest in Pavilion Bukit Jalil Mall and proposed subscription of redeemable preference shares in Regal Path Sdn Bhd.
19.	Sarawak Consolidated Industries Berhad (" SCIB ")	Independent advice letter dated 11 June 2019 to the non-interested shareholders of SCIB pertaining to the proposed acquisition of land together with buildings erected thereon.

Premised on the above, we are capable, competent and have the relevant experience in carrying out our role and responsibilities as the Independent Adviser for the Proposed Transaction.

6. EVALUATION OF THE PROPOSED TRANSACTION

In evaluating the Proposed Transaction, we have considered the following:

Section 6.1	: Rationale and benefits of the Proposed Transaction
Section 6.2	: Basis and justification for the consideration of the SPA
Section 6.3	: Salient terms of the SPA
Section 6.4	: Effects of the Proposed Transaction
Section 6.5	: Overview and outlook of the Indonesian economy
Section 6.6	: Risk factors in relation to the Proposed Transaction

6.1 Rationale and benefits of the Proposed Transaction

Taking cognizance of the rationale for the Proposed Transaction as set out in **Section 5 of Part A of the Circular**, our evaluation of the rationale for the Proposed Transaction are as follows:

We note from **Section 5 of Part A of the Circular** that LCTN currently procures ethylene from external third-party supplies on a spot or term contract as well as from LCI on a spot contract basis starting from May 2025 up to August 2025 and that the Proposed Transaction is expected to create a synergistic effect between LCTN and LCI and envisaged to generate positive impacts to the LCTH Group.

From a long-term perspective, the Proposed Transaction would accord LCTN with, amongst others, the following benefits:

(i) Transparent and stable ethylene Purchase Price

The long-term supply arrangement with LCI provides LCTN with a transparent and stable Purchase Price for ethylene. The pricing mechanism is transparent as it makes reference to an established industry benchmark such as ICIS and ensures alignment with prevailing market conditions. It also provides a degree of price stability to LCTN over the contract term as the pre-agreed amount component of the pricing mechanism is fixed. The pricing mechanism was derived after taking into account the historical pricing data of past sale and purchase of ethylene contracts, thereby supporting the fairness and reasonableness of the Proposed Transaction.

(ii) Cost efficiency

LCTN currently procures ethylene from external third-party suppliers, exposing its operations to volatility in logistics costs, short-term contractual terms and procurement service fees if source through an agent. Save for the initial pipeline infrastructure investment, the direct supply arrangement with LCI significantly reduces logistics costs thereby enhancing cost efficiency. This structure is expected to contribute to more stable production margins for LCTN's polyethylene operations, while enabling both LCTN and LCI to equitably share the resulting cost savings.

(iii) Sustainable and secured supply of feedstock

LCTN's polyethylene production operations are highly dependent on a reliable and continuous supply of ethylene as the primary feedstock. Under the SPA, LCTN secures an annual supply of 350,000 metric tonnes of ethylene, which corresponds to approximately 75% of its current production capacity and feedstock requirements. This long-term supply arrangement significantly mitigates the risk of feedstock disruption and supports LCTN's strategic objective to operate at full capacity. By establishing a dedicated and geographically proximate supply line with LCI, the Proposed Transaction enhances supply chain resilience and operational continuity of LCTN. The reduction in reliance on marine importation also contributes to a more sustainable logistics footprint and supply chain efficiency.

Premised on our evaluation as set out above, we are of the opinion that the rationale and benefits for the Proposed Transaction are reasonable. Nevertheless, the non-interested Shareholders should note that the potential benefits arising from the Proposed Transaction are subject to certain risk factors as disclosed in Section 6 of Part A of the Circular and our commentaries under Section 6.6 of this IAL.

6.2 Basis of and the justification for the consideration of the SPA

As detailed in **Section 4 of Part A of the Circular**, the consideration of the SPA was arrived on a "willing buyer - willing seller" basis after taking into consideration, amongst others, the following:

(i) Product or Service Characteristics

The pricing reflects the specific features of the goods/services involved (i.e. ethylene), including quality, volume, reliability, and availability of ethylene.

(ii) Functions, Assets and Risks

A functional analysis was carried out to assess the respective roles and risks undertaken by both LCTN and LCI in the Proposed Transaction, including manufacturing, distribution, financing, and marketing activities.

(iii) Contractual Terms

The terms and conditions of the SPA, including rights, responsibilities, risk allocations, and payment terms, are in line with normal commercial practices.

(iv) Market Conditions

Prevailing market rates, pricing benchmarks, supply and demand dynamics, and geographical factors were taken into account to align with normal commercial terms.

(v) Business Strategy Considerations

The pricing also supports LCTH Group's strategic objectives, including market development or penetration, and may reflect short-term adjustments such as start-up costs or promotional pricing.

We believe that the consideration of the SPA is also justifiable based on the following:

- (i) between 2022 and 2024, LCTN's ethylene Purchase Price from external third-party suppliers typically includes transportation, insurance and vessel freight costs as the supply was sourced via marine imports. The SPA presents a more cost-efficient alternative by eliminating these additional expenses through the direct delivery of ethylene via pipeline.
- (ii) the pricing mechanism under the SPA is referenced against the ICIS CFR SEA ethylene index, which is a widely recognised industry benchmark. Based on ICIS data, the pricing mechanism is aligned with the historical average price of ethylene in the SEA region over a period of ten (10) years; and
- (iii) the SPA incorporates a payment term with a pre-agreed premium on top of the ICIS CFR Price for settlement by LCTN within sixty (60) days, to compensate for the longer credit terms offered in comparison to the typical credit terms offered by other suppliers (e.g. thirty (30) days). This extended credit period improves LCTN working capital management and provides greater financial flexibility in managing cash flows, particularly in a commodity-based business.

Premised on the above, we are of the opinion that the basis and justification for the consideration of the SPA are reasonable.

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6.3 Salient terms of the SPA

Our commentaries on the salient terms of the SPA as set out in **Appendix I of Part A of the Circular** are as follows:

Salient terms of the SPA	Kenanga IB's comments
<p>Article 2 – Commencement: Transaction Period</p> <p>2.1 The SPA shall take effect on the date of its signing by LCTN and LCI (collectively, the “Parties”) and shall remain in full effect until the last date of the Transaction Period (as hereinafter defined). Nevertheless, the Parties’ obligation to sell and purchase ethylene (the “Product”) shall rise, unless otherwise agreed in writing, on 1 September 2025 (“Commencement Date”) subject to the receipt of the approval of the shareholders of the LCTH at a general meeting for the entering into of the SPA and the Proposed Transaction (“LCTH Shareholders’ Approval”).</p> <p>2.2 Subject to the terms and conditions provided herein, the period during which the Parties are obliged to sell and purchase the Product shall be ten (10) years from the Commencement Date (“Transaction Period”).</p>	<p>These terms are reasonable as they set out the commencement and completion date in relation to the Product to be supplied by LCI to LCTN pursuant to the SPA.</p>
<p>Article 3 – Sale and Purchase</p> <p>3.1 During the Transaction Period, LCI agrees to sell and LCTN agrees to purchase, pay for and receive the quantities of the Product provided in the SPA (“Transaction”).</p>	<p>This term is reasonable as it outlines the respective responsibilities of the Parties, whereby LCI, being the supplier, to supply the Product to LCTN; and LCTN, being the buyer, to purchase the Product from LCI, in accordance with the SPA.</p>
<p>Article 4 – Quantity: Order Placement</p> <p>4.1 <u>Agreed Volume</u> The annual Transaction volume shall be 350,000 MT (“Annual Volume”). For any given month, the Transaction volume shall be a volume equal to the Annual Volume being equally prorated over twelve (12) months (“Monthly Default Volume”), with an operational tolerance of $\pm 0.25\%$. By way of example, if the Annual Volume is 350,000 MT, the monthly volume shall be 29,167 MT $\pm 0.25\%$.</p>	<p>This term stipulates the quantity of the Proposed Transaction to be at 350,000 MT annually, of which translates to a monthly volume of 29,167 MT. This term is reasonable as it allows for production planning and inventory management while allowing minimal flexibility for operational variances, of which reduces the risk of delivery disputes.</p>

Salient terms of the SPA	Kenanga IB's comments
<p>Article 4 – Quantity: Order Placement (cont'd)</p> <p>4.2 Order Placement (Normal Month)</p> <p><i>On or before two (2) months before the delivery month, LCTN shall place with LCI a firm purchase order in respect of the Product for the month falling after the immediate subsequent month which shall specify: (i) the required volume (within the tolerance of $\pm 3\%$ of the Monthly Default Volume), (ii) the breakdown of delivery schedule, and (iii) the Unit Price (“Order Confirmation”).</i></p> <p><i>Within five (5) working days of receipt of an Order Confirmation, LCI shall accept any volume within the Monthly Default Volume $\pm 3\%$. If LCI does not provide written notification within such period, then the Order Confirmation submitted by LCTN shall be deemed accepted by LCI.</i></p> <p>4.3 Order Placement (Abnormal Month)</p> <p><i>After accepting the Order Confirmation, if LCI is made aware of any circumstances requiring it to supply Products in such volume falling short of the Monthly Default Volume minus the tolerance of 3% for any given month (due to reasonable grounds such as operational disruption), LCI shall immediately inform the same to LCTN with reasons therefor. For such month in which LCI cannot supply up to the Monthly Default Volume, the Parties shall reasonably agree on an alternative volume for that month. For the avoidance of doubt, when such shortfall supply occurs, the Parties may, on a case by case basis, agree on a discount to the Unit Price as a sole remedy (to account for necessity for LCTN to purchase Product from elsewhere).</i></p>	<p>This term is reasonable as it outlines the timeline for an order placement in a normal month, of which safeguards the interest of the Parties by giving sufficient time for the Parties to fulfill their obligations in accordance with the SPA.</p> <p>This term is reasonable as it outlines the timeline for an order placement for an abnormal month and gives sufficient time for the Parties to fulfill their obligations in accordance with the SPA.</p> <p>Should LCI be unable to supply up to the Monthly default volume, the terms safeguards the interest of LCTN via the discount, which factors in the opportunity cost of LCTN to purchase the Product from elsewhere.</p>

Salient terms of the SPA	Kenanga IB's comments
<p>Article 4 – Quantity: Order Placement (cont'd)</p> <p><u>4.3 Order Placement (Abnormal Month) (cont'd)</u></p> <p><i>After placing an Order Confirmation, if LCTN is made aware of any circumstances requiring it to purchase the Products in such volume falling short of the Monthly Default Volume minus the tolerance of 3% for any given month (due to reasonable grounds such as operational disruption), LCTN shall immediately inform the same to LCI with reasons therefor. For such month in which the LCTN cannot purchase up to the Monthly Default Volume, the Parties shall reasonably agree on an alternative volume for that month. For the avoidance of doubt, when such shortfall purchase occurs, the Parties may, on a case by case basis, agree on a premium to be added to the Unit Price herein as a sole remedy (to account for LCI's opportunity costs).</i></p>	<p>This term is reasonable as it outlines the timeline for an order placement for an abnormal month and gives sufficient time for the Parties to fulfill their obligations in accordance with the SPA.</p> <p>Should LCTN be unable to purchase up to the Monthly Default Volume, the terms safeguards the interest of LCI via the premium, which factors in the opportunity cost of LCI.</p>
<p>Article 9 – Price</p> <p><i>9.1 For any given month, the Unit Price of the Product, expressed in USD/MT, rounded up to the second decimal digit, shall be calculated based on the monthly average price of the high and low number quoted in ICIS CFR SEA Ethylene pricing report indexes published weekly by Independent Commodity Intelligence Services (ICIS) issued in the month preceding the month in which the delivery is made plus a pre-agreed amount in accordance with the SPA.</i></p> <p><i>9.4 For invoicing purposes, the Price in USD will be converted into Indonesian Rupiah ("IDR"), using the average USD to IDR exchange rate published by the Bank of Indonesia preceding that month (calculated from the first working day until last working day) in which the delivery of the Products has occurred. All payments will be made by LCTN to LCI in IDR.</i></p>	<p>This term is reasonable as it outlines the consideration for the Proposed Transaction. We note that the pre-agreed premium is to compensate for the longer credit terms which allow for greater flexibility in managing cash flows.</p> <p>This term is reasonable as both LCI and LCTN are domiciled in Indonesia.</p>

Salient terms of the SPA	Kenanga IB's comments
<p>Article 10 – Payment</p> <p>10.1 The cut-off date and time for invoice purpose shall be on the last calendar day of each month and at 00:00 AM Western Indonesia Time. LCTN shall share in writing the billing data electronically with LCI and LCI has two (2) working days to review and raise any correction.</p> <p>10.2 LCI shall provide a monthly commercial invoice to LCTN within five (5) business days after that month for which the invoice is being issued, setting out the delivered volume, the applicable Unit Price, and the invoice amount.</p> <p>10.3 Unless otherwise agreed in an Order Confirmation, all payments shall be made by way of telegraphic transfer by LCTN within sixty (60) calendar days from receipt of such original invoice that is complete and correct.</p>	<p>These terms set out the timeline and mode of payment. The defined billing cycle and review period are commercially reasonable. The 60-day payment term provides LCTN with financial flexibility without imposing undue risk on LCI.</p>
<p>Article 14 – Termination</p> <p>14.1 If either of the Parties breaches or neglects a material obligation under the SPA (“Defaulting Party”), then the other party (“Non-Defaulting Party”) shall have the right to give written notice of such breach to the Defaulting Party. Upon receipt of such written notice, the Defaulting Party shall either:</p> <p>(a) remedy such breach within thirty (30) calendar days for payment default, or sixty (60) calendar days for other defaults; or</p>	<p>This term sets out the event in which termination can be effected by either Party. We are of the view that this term is reasonable as they govern the rights of the Non-Defaulting Party to terminate the SPA as well as safeguard the interest of the Non-Defaulting Party in the event any of the material breaches, terms and conditions and/or material event that may affect the interest of either Party.</p> <p>These terms also give sufficient time for the Party in breach of the SPA to remedy that breach before the other Party terminates the SPA in response to the breach.</p>

Salient terms of the SPA	Kenanga IB's comments
<p>Article 14 – Termination (cont'd)</p> <p><i>(b) if such breach is not reasonably capable of remedy within such thirty (30) calendar days period for payment defaults, or sixty (60) calendar days period for other defaults, submit to the Non-Defaulting Party within thirty (30) calendar days of receipt of such notice a written plan of action and time period for remedying such breach. Within fifteen (15) calendar days following receipt of such plan, the Non-Defaulting Party shall advise whether such plan and timetable are acceptable, such acceptance not to be unreasonably withheld. If such plan and timetable are acceptable to the Non-Defaulting Party, the Non-Defaulting Party shall so notify the Defaulting Party, and the Defaulting Party shall thereafter diligently pursue or cause to be pursued the completion of such action plan according to that timetable. If such plan or timetable is unacceptable to the Non-Defaulting Party, the Parties shall meet within fifteen (15) calendar days to negotiate in good faith to reach a resolution of the matter. If the Parties cannot agree, the issue will be resolved in accordance with paragraph 7 below.</i></p> <p><i>If (a) within sixty (60) calendar days of the notice from the Non-Defaulting Party to the Defaulting Party, such breach is not remedied or if no action plan has been provided or if the Parties have not agreed on an action plan or (b) the Defaulting Party fails to fulfil its material obligations under such action plan, then the Non-Defaulting Party shall have the right to terminate the SPA at any time upon thirty (30) calendar days notice, unless the specified material breach is in the interim remedied.</i></p> <p>14.3 The SPA shall be automatically terminated in the event LCTH Shareholders' Approval is not obtained on or before the Commencement Date, unless otherwise agreed between the Parties.</p>	<p>This term sets out the event in which termination can be effected by either Party. We are of the view that this term is reasonable as they govern the rights of the Non-Defaulting Party to terminate the SPA as well as safeguard the interest of the Non-Defaulting Party in the event any of the material breaches, terms and conditions and/or material event that may affect the interest of either Party.</p> <p>These terms also give sufficient time for the Party in breach of the SPA to remedy that breach before the other Party terminates the SPA in response to the breach.</p> <p>This term is reasonable as it stipulates the termination of the Proposed Transaction in the event where the approval from LCTH's Shareholders could not be obtained.</p>

Salient terms of the SPA	Kenanga IB's comments
<p>Article 15 – Governing Law; Dispute Resolution</p> <p><i>15.1 The SPA shall be made, regulated, construed/interpreted and shall be subject to and based on the laws of the Republic of Indonesia.</i></p> <p><i>15.3 Any and all disputes, controversies, and conflicts between the Parties in connection with the SPA must, so far as is possible, be settled amicably between the Parties.</i></p> <p><i>15.4 If the Parties fail to amicably settle such dispute, controversy, or conflict within a period of thirty (30) calendar days, the Parties agree to settle the dispute through the Indonesian National Board of Arbitration, established under the Decree of the Indonesian Chamber of Commerce and Industry Number: SKEP/152/DPH/1977 dated 30 November 1977.</i></p>	<p>This term is reasonable as the transaction is to be taken place in Indonesia and the Parties are domiciled in Indonesia. Therefore, any agreements or documents to be entered into shall be governed by the laws of Indonesia.</p> <p>These terms are reasonable as it prioritises amicable settlement and provides a clear escalation path through the Indonesian National Board of Arbitration, ensuring procedural clarity and legal enforceability. The 30-day resolution window is reasonable and supports timely conflict management.</p>

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6.4 Effects of the Proposed Transaction

We take cognisance of the effects of the Proposed Transaction from **Section 7 of Part A of the Circular**.

Our commentaries on the effects are summarised as follow:

Effects	Our comments
Issued share capital and substantial shareholdings	We note that the Proposed Transaction does not involve the issuance of any new ordinary shares in LCTH. Hence, the Proposed Transaction will not have any effect on the share capital of LCTH and substantial Shareholders' shareholdings of LCTH.
Earning and EPS	The Proposed Transaction is not expected to have any material effect on the earnings and EPS of LCTH for the financial year ending 31 December 2025.
NA, NA per Share and gearing	The Proposed Transaction is not expected to have any material effect on the NA per Share and the gearing of LCTH for the financial year ending 31 December 2025.

Premised on the above, we are of the opinion that the effects of the Proposed Transaction are reasonable and are not detrimental to the interests of the non-interested Shareholders.

6.5 Overview and outlook of the Indonesian economy

Indonesia's economy remains resilient amid worsening global conditions. Its gross domestic product grew at 4.9% year-on-year in quarter 1 of 2025, slightly lower than previous post-pandemic quarters. Domestic demand was impacted by reduced government consumption and lower investment. Budget efficiency measures led to a contraction in public consumption, while investment in construction and manufacturing sectors dipped due to investors' concerns over domestic and global policy uncertainty. Meanwhile, declining commodity prices worsened Indonesia's terms-of-trade. The supply side showed notable contributions from agriculture and services sectors. Favourable climate conditions led to a significant rebound in food and crop production, which helped contain food prices and maintain headline inflation at the lower end of Bank Indonesia's (BI) target range 2.5±1 percent.

Businesses and households are adjusting to economic uncertainty but weak consumption of middle class households has been persistent since the pandemic. Household savings are decreasing, particularly for low and middle-income families, with consumers turning to safe-haven assets like gold and property. Lagging consumption of the middle class has been persistent since the pandemic. From 2019 to 2024, inflation-adjusted consumption of middle-class households grew by only 1.3% per year compared to 2 - 3% for both the poorest and richest groups. While the poor have benefitted from social assistance, the lack of quality jobs is limiting income growth for middle-class workers. Despite rising job creation and labour force participation, 52% of new jobs created last year were in low value-added sectors.

In the medium-term, Indonesia's economy will continue to grow despite downside risks that require prudent macro management. Global policy uncertainty is expected to impact global demand, including that of Indonesia's main trading partners. Nevertheless, Indonesia's medium-term growth is expected to remain resilient, with projections averaging 4.8% annually over 2025 to 2027. Growth will be driven by private consumption, which will benefit from low inflation and social assistance programs, as well as investment which is expected to pick up with the government's housing program and projects from Danantara, the new sovereign wealth fund and holding company for State Owned Enterprises.

(Source: Indonesia Economic Prospects June 2025 edition)

Kenanga IB's view

Based on the above, we believe that moving forward, barring any unforeseen circumstances, the Proposed Transaction is envisaged to have a positive impact on to the Group. Indonesia is a net importer of petrochemical products and as a local producer, LCTN stands to benefit from shorter supply lead times, savings on logistics costs, and a more diversified supply into the region, all of which are expected to support LCTN's long term sustainable growth and in turn deliver greater value to the Shareholders pursuant to the Proposed Transaction.

Nonetheless, we wish to highlight that the Proposed Transaction is subject to risks and uncertainties resulting from the changes in the economic conditions that are beyond the Company's control. The occurrence of any of such events may impact the Group's future revenue and earnings to be derived from the Proposed Transaction. There shall also be no guarantee that the anticipated benefits from the Proposed Transaction will be realised by the Group in the foreseeable future.

6.6 Risk factors in relation to the Proposed Transaction

In evaluating the Proposed Transaction, the non-interested Shareholders should carefully consider the potential risks of the Proposed Transaction as set out in **Section 6 of Part A of the Circular**.

The Proposed Transaction is not expected to materially change LCTH Group's risk profile as LCTH Group will still be principally involved in the existing businesses within the petrochemical industry. Hence, LCTH Group will continue to be exposed to similar business, operational and financial risks inherent in the petrochemical industry. The key risks for the Proposed Transaction are as set out below:

(i) Completion risk

The Proposed Transaction is subject to, amongst others, approval from Bursa Securities and the non-interested Shareholders. In the event that such approvals are not obtained, the Proposed Transaction might be delayed or terminated.

Nevertheless, we take note that the Board will take all reasonable steps to procure the obtaining of such approvals in a timely manner, to avoid delays or termination and to facilitate the commencement of the Proposed Transaction.

(ii) Regulatory risk

The Proposed Transaction may be subject to regulatory risks arising from potential changes in the regulatory framework of the relevant jurisdictions in which the transaction is to be implemented. These changes include, but are not limited to, changes in government policies including changes in the applicable legislation on taxation and foreign exchange regulations.

While the Board is not currently aware of any impending regulatory changes that would adversely affect the Proposed Transaction, we note that such changes may occur with little or no advance notice and could be beyond the control of the parties involved. There can be no assurance that any unfavourable development in the prevailing regulatory environment will not have any material impact on the Proposed Transaction.

Notwithstanding that these factors are beyond the Board's control, we take note that the Board will endeavour to ensure compliance with any changes in the regulatory environment in the relevant jurisdictions.

(iii) Risk on price fluctuations

Due to the commoditised nature of ethylene and polyethylene, the market prices of ethylene and polyethylene are inherently volatile and subject to fluctuations from time to time due to a variety of factors, including but not limited to, changes in supply and demand dynamics, feedstock costs, global trade flows, and geopolitical developments. Although there are benchmark prices that apply to these products, it is not mandatory for exports or imports to adopt any benchmark prices. Accordingly, there is no assurance that the Unit Price for the purchase of ethylene from LCI under the SPA will be or will remain lower than the market price or sources from other suppliers which may be available to LCTN. In such event, LCTN's ability to compete effectively in the market to preserve its market position or market share may be affected.

Nevertheless, this risk is expected to be mitigated by the benefits mentioned in **Section 6.1** of this IAL.

(iv) Risk on commitment of purchase volume

Under the SPA, in the event the purchase of ethylene by LCTN from LCI falls below the Monthly Default Volume for any given month due to reasonable grounds such as operational disruption, LCTN and LCI shall reasonably agree on an alternative volume for that month and, on a case by case basis, agree on a premium to be added to the pricing of that purchase order. In the event there is a downturn in relation to demand of polyethylene in the market or operational disruption to the business or plants of LCTN, LCTN may not be able to fully utilise the Monthly Default Volume or the Annual Volume that it committed to purchase under the SPA and may be required to incur additional costs under the SPA.

Nonetheless, under the SPA, in the event that governmental or other external conditions change the economic relationship between LCTN and LCI to the gross disadvantage of one of them in a manner for which no adequate relief is provided in the SPA, the relevant party believing it is so disadvantaged may, upon sixty (60) days' notice to the other, initiate a discussion to seek equitable resolution of the alleged hardship including revision of the terms of the SPA.

While we note that measures will be taken by LCTH to mitigate such risks associated with the Proposed Transaction, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.

In evaluating the Proposed Transaction, non-interested Shareholders should carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolution pertaining to the Proposed Transaction at the forthcoming EGM of LCTH. The non-interested Shareholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

7. CONCLUSION AND RECOMMENDATION

The non-interested Shareholders should carefully consider the justifications for the Proposed Transaction based on all relevant and pertinent factors including those set out in this IAL as well as those set out in **Part A of the Circular** together with the accompanying appendices before voting on the ordinary resolution pertaining to the Proposed Transaction at the forthcoming EGM of the Company.

Premised on our evaluation of the Proposed Transaction in Section 6 of this IAL, we are of the opinion that the Proposed Transaction is fair and reasonable and not detrimental to the interests of non-interested Shareholders.

Accordingly, we recommend that the non-interested Shareholders to vote in favour of the resolution pertaining to the Proposed Transaction to be tabled at the forthcoming EGM of the Company.

Yours faithfully,

For and on behalf of

KENANGA INVESTMENT BANK BERHAD

DATUK ROSLAN HJ TIK

Executive Director, Head
Group Investment Banking & Islamic Banking

ALVIN OOI YET MING

Head,
Corporate Finance

SALIENT TERMS OF THE SPA

(Unless already previously defined in this Circular, all capitalised terms found in this Appendix I shall have the same meanings as defined in this Appendix I.)

1. COMMENCEMENT; TRANSACTION PERIOD

- 1.1 The SPA shall take effect on the date of its signing by LCTN and LCI (collectively, the “**Parties**”) and shall remain in full effect until the last date of the Transaction Period (as hereinafter defined). Nevertheless, the Parties’ obligation to sell and purchase ethylene (the “**Product**”) shall rise, unless otherwise agreed in writing, on 1 September 2025 (“**Commencement Date**”) subject to the receipt of the approval of the shareholders of the LCTH at a general meeting for the entering into of the SPA and the Proposed Transaction (“**LCTH Shareholders’ Approval**”).
- 1.2 The period during which the Parties are obliged to sell and purchase the Product shall be ten (10) years from the Commencement Date (“**Transaction Period**”).

2. SALE AND PURCHASE

- 2.1 During the Transaction Period, LCI agrees to sell and LCTN agrees to purchase, pay for and receive the quantities of the Product provided in the SPA (“**Transaction**”).

3. QUANTITY; ORDER PLACEMENT
3.1 Agreed Volume

The annual Transaction volume shall be 350,000 MT (“**Annual Volume**”). For any given month, the Transaction volume shall be a volume equal to the Annual Volume being equally prorated over twelve (12) months (“**Monthly Default Volume**”), with an operational tolerance of $\pm 0.25\%$. By way of example, if the Annual Volume is 350,000 MT, the monthly volume shall be 29,167 MT $\pm 0.25\%$.

3.2 Order Placement (Normal Month)

On or before two (2) months before the delivery month, LCTN shall place with LCI a firm purchase order in respect of the Product for the month falling after the immediate subsequent month which shall specify: (i) the required volume (within the tolerance of $\pm 3\%$ of the Monthly Default Volume), (ii) the breakdown of delivery schedule, and (iii) the Unit Price (“**Order Confirmation**”).

Within five (5) working days of receipt of an Order Confirmation, LCI shall accept any volume within the Monthly Default Volume $\pm 3\%$. If LCI does not provide written notification within such period, then the Order Confirmation submitted by LCTN shall be deemed accepted by LCI.

3.3 Order Placement (Abnormal Month)

After accepting the Order Confirmation, if LCI is made aware of any circumstances requiring it to supply Products in such volume falling short of the Monthly Default Volume minus the tolerance of 3% for any given month (due to reasonable grounds such as operational disruption), LCI shall immediately inform the same to LCTN with reasons therefor. For such month in which LCI cannot supply up to the Monthly Default Volume, the Parties shall reasonably agree on an alternative volume for that month. For the avoidance of doubt, when such shortfall supply occurs, the Parties may, on a case by case basis, agree on a discount to the Unit Price as a sole remedy (to account for necessity for LCTN to purchase Product from elsewhere).

After placing an Order Confirmation, if LCTN is made aware of any circumstances requiring it to purchase the Products in such volume falling short of the Monthly Default Volume minus the tolerance of 3% for any given month (due to reasonable grounds such as operational disruption), LCTN shall immediately inform the same to LCI with reasons therefor. For such month in which the LCTN cannot purchase up to the Monthly Default Volume, the Parties shall reasonably agree on an alternative volume for that month. For the avoidance of doubt, when such shortfall purchase occurs, the Parties may, on a case by case basis, agree on a premium to be added to the Unit Price herein as a sole remedy (to account for LCI’s opportunity costs).

SALIENT TERMS OF THE SPA *(Cont'd)*

4. PRICE

- 4.1 For any given month, the Unit Price of the Product, expressed in USD/MT, rounded up to the second decimal digit, shall be calculated based on the monthly average price of the high and low number quoted in ICIS CFR SEA Ethylene Index published weekly by Independent Commodity Intelligence Services (ICIS) issued in the month preceding the month in which the delivery is made plus a pre-agreed amount in accordance with the SPA.
- 4.2 For invoicing purposes, the Price in USD will be converted into Indonesian Rupiah ("IDR"), using the average USD to IDR exchange rate published by the Bank of Indonesia preceding that month (calculated from the first working day until last working day) in which the delivery of the Products has occurred. All payments will be made by LCTN to LCI in IDR.

5. PAYMENT

- 5.1 The cut-off date and time for invoice purpose shall be on the last calendar day of each month and at 00:00 AM Western Indonesia Time. LCTN shall share in writing the billing data electronically with LCI and LCI has two (2) working days to review and raise any correction.
- 5.2 LCI shall provide a monthly commercial invoice to LCTN within five (5) business days after that month for which the invoice is being issued, setting out the delivered volume, the applicable Unit Price, and the invoice amount.
- 5.3 Unless otherwise agreed in an Order Confirmation, all payments shall be made by way of telegraphic transfer by LCTN within sixty (60) calendar days from receipt of such original invoice that is complete and correct.

6. TERMINATION

- 6.1 If either of the Parties breaches or neglects a material obligation under the SPA ("**Defaulting Party**"), then the other party ("**Non-Defaulting Party**") shall have the right to give written notice of such breach to the Defaulting Party. Upon receipt of such written notice, the Defaulting Party shall either:

- (a) remedy such breach within thirty (30) calendar days for payment default, or sixty (60) calendar days for other defaults; or
- (b) if such breach is not reasonably capable of remedy within such thirty (30) calendar days period for payment defaults, or sixty (60) calendar days period for other defaults, submit to the Non-Defaulting Party within thirty (30) calendar days of receipt of such notice a written plan of action and time period for remedying such breach. Within fifteen (15) calendar days following receipt of such plan, the Non-Defaulting Party shall advise whether such plan and timetable are acceptable, such acceptance not to be unreasonably withheld. If such plan and timetable are acceptable to the Non-Defaulting Party, the Non-Defaulting Party shall so notify the Defaulting Party, and the Defaulting Party shall thereafter diligently pursue or cause to be pursued the completion of such action plan according to that timetable. If such plan or timetable is unacceptable to the Non-Defaulting Party, the Parties shall meet within fifteen (15) calendar days to negotiate in good faith to reach a resolution of the matter. If the Parties cannot agree, the issue will be resolved in accordance with paragraph 7 below.

If (a) within sixty (60) calendar days of the notice from the Non-Defaulting Party to the Defaulting Party, such breach is not remedied or if no action plan has been provided or if the Parties have not agreed on an action plan or (b) the Defaulting Party fails to fulfil its material obligations under such action plan, then the Non-Defaulting Party shall have the right to terminate the SPA at any time upon thirty (30) calendar days notice, unless the specified material breach is in the interim remedied.

- 6.2 The SPA shall be automatically terminated in the event LCTH Shareholders' Approval is not obtained on or before the Commencement Date, unless otherwise agreed between the Parties.

SALIENT TERMS OF THE SPA *(Cont'd)*

7. GOVERNING LAW; DISPUTE RESOLUTION

- 7.1 The SPA shall be made, regulated, construed/interpreted and shall be subject to and based on the laws of the Republic of Indonesia.
- 7.2 Any and all disputes, controversies, and conflicts between the Parties in connection with the SPA must, so far as is possible, be settled amicably between the Parties.
- 7.3 If the Parties fail to amicably settle such dispute, controversy, or conflict within a period of thirty (30) calendar days, the Parties agree to settle the dispute through the Indonesian National Board of Arbitration, established under the Decree of the Indonesian Chamber of Commerce and Industry Number: SKEP/152/DPH/1977 dated 30 November 1977.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

All statements and information in relation to LCC, LCTN and LCI contained in this Circular were obtained and confirmed by the directors and/or management of LCC, LCTN and LCI respectively. The sole responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST

Kenanga IB, being the Independent Adviser to our non-interested Directors and non-interested Shareholders for the Proposed Transaction, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, the IAL and all references thereto in the form and context in which they appear in this Circular. Kenanga IB is not aware of any existing or potential conflict of interest or any circumstance which would give rise to a conflict of interest by virtue of its role as the Independent Adviser for the Proposed Transaction.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1. Material commitments**

As at the 31 March 2025, save as disclosed below, there are no material commitments incurred or known to be incurred by our Group which may have a material impact on the profits and/or NA of our Group:

	As at 30 June 2025 RM'000
Capital expenditure:	
Contracted but not provided for	<u>177,557</u>

3.2. Contingent liabilities

As at the LPD, save as disclosed below, there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits and/or NA of our Group:

(i) LCTIL

LCTIL, an indirect subsidiary of the Company, which is under liquidation process has filed a judicial review application to the High Court, to appeal against Minister of Finance Malaysia's decision on rejecting 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 said Decision may give rise to a tax liability amounting to USD 8.5 million (equivalent to approximately RM 36.1 million) to LCTIL. The hearing and case management took place since 21 June 2021. The High Court has allowed the Inland Revenue Board of Malaysia's ("**IRBM**") application to intervene in the judicial review proceedings on 16 February 2023 and approved the judicial review application of LCTIL on 11 January 2024.

On 11 July 2024, LCTIL informed the High Court that the parties are in the process of settlement and LCTIL has submitted an application to elect taxation under the Income

FURTHER INFORMATION *(Cont'd)*

Tax Act 1967 to the IRBM. IRBM has confirmed the receipt of the application and indicated that they will review it and provide an update on the status. IRBM has requested additional time to review the application and finalise the settlement process during the case management sessions on 7 November 2024, 7 January 2025, 27 February 2025, 19 March 2025 and 19 June 2025 respectively. Following the granting of leave by the High Court to proceed to the substantive application for judicial review, all further proceedings including the enforcement and effect of the Minister of Finance's Decision will be stayed until the full and final determination of application to quash the Decision.

Upon consulting its tax consultant and solicitors, LCTIL is of the view that there are reasonable grounds to contest the Decision and LCTIL intends to take all steps necessary to contest the Decision. The additional tax liability is not expected to have a material impact on the net assets or gearing of the Group for the financial period ended 30 June 2025.

(j) LCTT

LCTT, a subsidiary of our Company, received an assessment letter in April 2022 indicating an underpayment of withholding income tax amounting to IDR 9.1 billion (equivalent to approximately RM2.38 million) in relation to the transfer of shares from its subsidiary, Chemical Brothers Limited, which was liquidated on 24 June 2022 ("**Assessment**"). Under Indonesian tax regulations, share transfers are subject to a 5% withholding tax based on the transaction value. The Indonesian Tax Office, however, disagreed with the market value determined by the independent appraiser engaged by LCTT and has requested the payment of additional tax with a penalty. LCTT filed an objection to the Assessment, which was rejected by Indonesia Tax Office in March 2023. Subsequently, LCTT filed an appeal with the Tax Court in June 2023.

As of the LPD, the Tax Court has not issued a decision regarding the appeal. LCTT is of the view that it has reasonable grounds to defend its position and is committed to pursuing all necessary measures to contest the Assessment.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Lot 29.01, Level 29, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) the SPA;
- (iii) the IAL;
- (iv) the audited consolidated financial statements of our Company for the past two (2) FYEs 31 December 2023 and 31 December 2024 as well as the unaudited consolidated financial statements of our Company for the FPE 31 June 2025; and
- (v) the letters of consent referred to in Section 2 of this Appendix II above.



LOTTE CHEMICAL TITAN HOLDING BERHAD
Registration No.: 199101012045 (222357-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE EXTRAORDINARY GENERAL MEETING ("EGM") OF LOTTE CHEMICAL TITAN HOLDING BERHAD ("LCTH" OR "COMPANY") WILL BE HELD ON TUESDAY, 26 AUGUST 2025 AT 10.00 A.M. AT MEETING ROOM 2, LEVEL 2, RENAISSANCE JOHOR BAHRU HOTEL, 2 JALAN PERMAS 11, BANDAR BARU PERMAS JAYA, 81750 MASAI, JOHOR DARUL TAKZIM ("VENUE") FOR THE PURPOSE OF CONSIDERING AND IF THOUGHT FIT, PASSING WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION:

ORDINARY RESOLUTION

PROPOSED ETHYLENE SALE AND PURCHASE AGREEMENT BETWEEN PT LOTTE CHEMICAL TITAN NUSANTARA AND PT LOTTE CHEMICAL INDONESIA ("PROPOSED TRANSACTION")

"**THAT** approval be and is hereby given for PT Lotte Chemical Titan Nusantara and PT Lotte Chemical Indonesia to enter into the Proposed Transaction in accordance with the terms and conditions of the ethylene sale and purchase agreement dated 7 July 2025 between PT Lotte Chemical Titan Nusantara and PT Lotte Chemical Indonesia.

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such agreements, arrangements and documents as may be necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise, give full effect to and complete the Proposed Transaction (including without limitation, to delegate such authority to designated officer(s)), with full powers to assent to and/or accept any conditions, variations, arrangements and/or amendments as may be imposed or permitted by any relevant authorities and/or parties in connection with the Proposed Transaction."

By 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
11 August 2025

Notes:

1. For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 20 August 2025. Only a member whose name appears in the Record of Depositors shall be entitled to attend, participate, speak and vote (collectively, "Participate") at this EGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to Participate in this EGM is entitled to appoint not more than two (2) proxies to Participate

instead of the member save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), 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 who 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.

3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of shareholding(s) to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or the member's 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.
5. 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 EGM 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 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.

ii. By electronic means via Tricor System, TIIH Online

The form of proxy can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Notes for the EGM on the procedures for electronic submission of form of proxy via TIIH Online.

6. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in this EGM 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.*

Form of Proxy

 **LOTTE CHEMICAL TITAN**
Lotte Chemical Titan Holding Berhad
Registration No. 199101012045 (222357-P)
(Incorporated in Malaysia)

No. of shares held

CDS Account no.

Tel no.

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

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 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 Extraordinary General Meeting ("EGM") 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 Tuesday, 26 August 2025 at 10.00 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following Resolution:

RESOLUTION		FOR	AGAINST
Resolution 1	Proposed Ethylene Sale and Purchase Agreement between PT Lotte Chemical Titan Nusantara and PT Lotte Chemical Indonesia		

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:

- For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 20 August 2025. Only a member whose name appears in the Record of Depositors shall be entitled to attend, participate, speak and vote (collectively, "Participate") at this EGM.
- A member entitled to Participate in this EGM is entitled to appoint not more than two (2) proxies to Participate instead of the member 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.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of shareholding(s) to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or the member's 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.
- 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 EGM or at any adjournment thereof, as follows:

iii. **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 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.

iv. **By electronic means via Tricor System, TIH Online**

The form of proxy can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online>. Kindly refer to the Administrative Notes for the EGM on the procedures for electronic submission of form of proxy via TIH Online.

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in this EGM 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 2025 EGM (including any adjournment thereof).

Fold this flap for sealing

Then fold here

AFFIX
STAMP

LOTTE CHEMICAL TITAN HOLDING BERHAD
(REGISTRATION NO.: 199101012045 (222357-P))
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here

