

**HENGYUAN REFINING COMPANY BERHAD**  
**Registration No. 196001000259 (3926-U)**  
("HRC" or "the Company")

Minutes of the Sixty-Fourth (64<sup>th</sup>) Annual General Meeting ("AGM") of the Company held entirely through live streaming from the broadcast venue at Spectrum Room, Level 3A, Connexion Conference & Event Centre (CCEC), Nexus Bangsar South City, No 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue"), on Wednesday, 24 May 2023 at 10.00 a.m.

Present:

- Directors : Mr Wang, YouDe ("Chairperson" or "Chairman Wang")  
Mr Alan Hamzah Sendut ("Mr Alan")  
Mr Surinderdeep Singh a/l Mohindar Singh ("Mr Surinder")  
Mr Wang, ZongQuan – via video conference  
Puan Fauziah Binti Hisham – via video conference  
Ms Tai Sook Yee – via video conference  
(collectively, the "Board")
- HRC's Senior Management: : Mr Grant Gao, JinLiang, Chief Executive Officer ("CEO")  
Mr Elwin Tan Chun Siang, Chief Financial Officer ("CFO")  
Mr Lee Kok Kuen, Acting Chief Operating Officer – via video conference  
Mr Austin Zhou Qiang, Senior Engineering Manager – via video conference  
Mr Chang Chuak Shin, Quality and HSSE Manager – via video conference  
Mr Xiang, RuiTao, Contracts and Procurement Manager – via video conference
- Shareholders : As per Shareholder Attendance List
- Proxies : As per Proxy Attendance List
- In Attendance : Ms Ong Wai Leng, Company Secretary – via video conference  
Ms Pauline Ho, audit partner of PricewaterhouseCoopers PLT  
– via video conference
- By Invitation : As per Attendance List

**1.0 ADDRESS BY THE CHAIRPERSON**

The Chairperson thanked and welcomed the shareholders, authorised representatives, management team and the Board of Directors of the Company for participating remotely from various locations through live streaming.

The Chairperson informed that the AGM was conducted virtually, and that the attendance of the AGM was restricted to shareholders and authorised representatives of corporate shareholders who had registered to join the meeting remotely.

Thereafter, the Chairperson proceeded to introduce the Company's Board members, i.e Mr Alan and Mr Surinder, the CEO and CFO of the Company, who were present at the broadcast venue, as well as the other Board members i.e Mr Wang, ZongQuan, Puan Fauziah Hisham and Ms Tai Sook Yee, the company secretary, and the external auditor, who attended the meeting via video conferencing.

## **2.0 QUORUM**

The Company Secretary confirmed that the requisite quorum was present. The Chairperson called the Meeting to order.

## **3.0 NOTICE**

With the consent of the shareholders present, the Chairperson declared that the notice convening the AGM as set out in the Company's 2022 Annual Report be taken as read.

In order for the AGM to proceed seamlessly, the Chairperson nominated Mr Alan to chair the Meeting on his behalf.

Mr Alan thanked the Chairperson, and invited the CFO to explain the questions and answers and the voting processes of the AGM.

The CFO then explained how questions could be raised during the AGM. The CFO informed that pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements, all resolutions set out in the notice of the AGM would be voted by poll, which was conducted electronically via the Remote Participation and Voting ("RPV") facility provided by Tricor Investor & Issuing House Services Sdn. Bhd., and would be verified by Asia Securities Sdn Bhd, who had been appointed as the independent scrutineers.

Shareholders were informed that the voting on the resolutions could be done any time throughout the meeting until the closure of the voting session.

Tricor Investor & Issuing House Services Sdn Bhd was invited to explain the remote voting procedure via the RPV facility.

## **4.0 PRESENTATION ON THE COMPANY'S PERFORMANCE**

Before proceeding with the business of the meeting, Mr Alan invited the CEO, assisted by the CFO, to present to the shareholders the Company's performance for the financial year 2022, titled "Powering Progress".

The CEO's presentation covered the following areas:-

1. Market Environment
  - geopolitical tension
  - global decarbonisation efforts
  - talent shortage;
2. 2022 Company Highlights
  - safety
  - major projects
  - operational excellence;
3. 2022 Financial Highlights
  - revenue
  - FY2022 performance highlights
  - Recurrent Related Party Transactions
  - clean audit report
  - hedging practices;
4. Corporate Governance
  - no instances of bribery or corruption in 2022
  - maintained as a constituent of the FTSE4Good Index Series
  - operational excellence framework for continuous improvement
  - environmental and social highlights; and
5. Moving Forward into 2023
  - Major Turnaround 2023
  - commitment towards Environmental, Social and Governance ("ESG")
  - other key areas.

Mr Alan thanked the CEO after the presentation, and proceeded with the agendas for the AGM.

#### **5.0 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The shareholders were informed that the Audited Financial Statements ("AFS") for the financial year ended 31 December 2022 were tabled pursuant to Section 340(1)(a) of the Companies Act, 2016. Mr Alan informed that the AFS had been sent to all the shareholders together with Company's Annual Report on 21 April 2023, and that it was also available on the Company's website. The AFS was for discussion only and was not required to be put to vote.

Mr Alan invited Mr Surinder, the Chair of the Board Nominating and Remuneration Committee, to take the meeting through Ordinary Resolutions 1, 2 and 3.

#### **6.0 ORDINARY RESOLUTION 1 RE-ELECTION OF MR WANG, ZONGQUAN**

Mr Surinder proceeded with Ordinary Resolution 1, which was the re-election of Mr Wang, Zongquan, who was retiring in accordance with Article 81(c) of the Constitution of the Company and had offered himself for re-election as a Director of the Company.

Mr Surinder confirmed that Mr Wang, Zongquan was eligible for re-election, and had indicated his willingness to be re-elected.

**7.0      ORDINARY RESOLUTION 2**  
**RE-ELECTION OF PUAN FAUZIAH HISHAM**

Mr Surinder continued with Ordinary Resolution 2, which was the re-election of Puan Fauziah Hisham, who was retiring in accordance with Article 81(c) of the Constitution of the Company and had offered herself for re-election as a Director of the Company.

Mr Surinder confirmed that Puan Fauziah Hisham was eligible for re-election, and had indicated her willingness to be re-elected.

**8.0      ORDINARY RESOLUTION 3**  
**RE-ELECTION OF MS TAI SOOK YEE**

Mr Surinder proceeded with the next item of the agenda, which was Ordinary Resolution 3 on the re-election of Ms Tai Sook Yee, who was retiring in accordance with Article 81(h) of the Constitution of the Company and had offered herself for re-election as a Director of the Company.

Mr Surinder confirmed that Ms Tai Sook Yee was eligible for re-election, and had indicated her willingness to be re-elected.

Mr Alan thanked Mr Surinder for taking the meeting through Ordinary Resolutions 1, 2 and 3.

**9.0      ORDINARY RESOLUTION 4**  
**RE-APPOINTMENT OF AUDITORS**

Mr Alan proceeded with the next item on the agenda, which was the re-appointment of Messrs PricewaterhouseCoopers PLT (“PwC”) as the Auditors of the Company until the conclusion of the next AGM and the authorisation for Directors to fix their remuneration. PwC had indicated their willingness to continue in office for the ensuing year.

**10.0     ORDINARY RESOLUTION 5**  
**PAYMENT OF NON-EXECUTIVE DIRECTORS’ FEES AND BENEFITS OF UP TO RM2,300,000 FOR THE PERIOD FROM 1 JUNE 2023 UNTIL 31 MAY 2024**

The Meeting proceeded with the next item on the agenda, which was to approve the payment of non-executive Directors' fees and benefits of up to RM2,300,000.00 for the period from 1 June 2023 to 31 May 2024.

**11.0 ORDINARY RESOLUTION 6**  
**AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The Meeting proceeded to discuss the next item of the agenda on the proposed authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016. The full text of the proposed resolution was set out in the Notice of AGM dated 21 April 2023 and was taken as read.

The intent of the resolution was to provide flexibility to the Company to issue and allot new shares in the Company not exceeding ten per cent (10%) of the total number of issued shares of the Company, for such purposes as the Directors consider would be in the interest of the Company, without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time.

This mandate shall be valid until the next Annual General Meeting, unless revoked or varied by the Company in a general meeting.

**12.0 ORDINARY RESOLUTION 7**  
**PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

The Meeting proceeded to discuss the agenda item on the proposed renewal of authority for share buy-back. The details of the share buy-back exercise were stated in the Circular to the shareholders dated 21 April 2023 sent to shareholders, along with the Company's Annual Report for the financial year ended 31 December 2022.

**13.0 ORDINARY RESOLUTION 8**  
**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Meeting continued to discuss the next agenda item on the proposed renewal of existing shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the related parties, the full text of which was as set out in Section 2.2.2 of the Circular to the shareholders dated 21 April 2023, and was taken as read.

**14.0 ANY OTHER BUSINESS**

The shareholders were informed that there was no notice given for any other business to be transacted at the AGM.

## **15.0 QUESTIONS & ANSWERS**

Mr Alan informed that the Company had received questions from the Minority Shareholders Watch Group (“MSWG”).

The questions posted by MSWG and the Company’s responses to the questions were projected on the screen for the shareholders’ information and read out by the CFO. Mr Alan informed that the questions and answers would be uploaded onto the Company’s website after the AGM.

Thereafter, Mr Alan moderated the question-and-answer session. The Board members at the broadcast venue, the CEO and the CFO addressed questions received from the shareholders, which were submitted through Tricor’s online TIH platform prior to the AGM, and via the online query box during the AGM.

The questions raised and answers provided were listed in the annexure attached.

## **16.0 VOTING**

Shareholders were invited to cast their votes on the resolutions. Upon completion of the casting votes by the shareholders and proxyholders, the meeting was adjourned to allow the scrutineers to verify the votes casted.

## **17.0 ANNOUNCEMENT OF POLL RESULTS**

Mr Alan reconvened the Meeting and announced the poll results as follows:

<b>Resolutions</b>	<b>Vote For</b>		<b>Vote Against</b>		<b>Results</b>
	<b>No of Units</b>	<b>%</b>	<b>No of Units</b>	<b>%</b>	
Ordinary Resolution 1	164,142,585	99.8477	250,445	0.1523	Carried
Ordinary Resolution 2	164,322,383	99.9570	70,746	0.0430	Carried
Ordinary Resolution 3	164,333,884	99.9640	59,246	0.0360	Carried
Ordinary Resolution 4	164,328,151	99.9605	64,980	0.0395	Carried
Ordinary Resolution 5	156,169,732	95.0126	8,197,744	4.9874	Carried
Ordinary Resolution 6	156,411,383	95.1461	7,979,347	4.8539	Carried
Ordinary Resolution 7	156,474,057	95.1831	7,918,673	4.8169	Carried
Ordinary Resolution 8	11,195,587	98.8684	128,141	1.1316	Carried

It was RESOLVED as follows: -

**ORDINARY RESOLUTION 1**  
**RE-ELECTION OF MR WANG, ZONGQUAN**

“THAT Mr Wang, Zongquan, the Director retiring in accordance with Article 81(c) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 2**  
**RE-ELECTION OF PUAN FAUZIAH HISHAM**

“THAT Puan Fauziah Hisham, the Director retiring in accordance with Article 81(c) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 3**  
**RE-ELECTION OF MS TAI SOOK YEE**

“THAT Ms Tai Sook Yee, the Director retiring in accordance with Article 81(h) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 4**  
**RE-APPOINTMENT OF AUDITORS**

“THAT Messrs PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to fix their remuneration.”

**ORDINARY RESOLUTION 5**  
**PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS OF UP TO RM2,300,000 FOR THE PERIOD FROM 1 JUNE 2023 TO 31 MAY 2024**

“THAT the payment of non-executive Directors' fees and benefits of up to RM2,300,000.00 for the period from 1 June 2023 to 31 May 2024 be and is hereby approved.”

**ORDINARY RESOLUTION 6**  
**AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT subject to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10 per cent of the total number of issued shares (excluding treasury shares) of the Company for the time being (Proposed 10 per cent General Mandate) AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting.”

**ORDINARY RESOLUTION 7**  
**PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

“THAT subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this Ordinary Resolution does not exceed ten per centum (“10 per cent”) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).



AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next AGM of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM after that date is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient, including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties, to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

**ORDINARY RESOLUTION 8**  
**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND**  
**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED**  
**PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject to the Listing Requirements, approval be and is hereby given for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2.2 of the Circular to Shareholders dated 21 April 2023 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on an arms' length basis and not to the detriment of minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next AGM of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340 of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate.”

**18.0 CLOSING REMARKS BY THE CHAIRPERSON**

After the poll results were released and announced, Mr Alan invited the Chairperson to deliver his closing remarks.

The Chairperson thanked Mr Alan for chairing the AGM on his behalf, and expressed the Board's sincere appreciation to the Management and Shareholders for their contribution and support. He assured the shareholders of the Board's commitment to the highest standards of corporate governance, and cognizance of their responsibility to serve the interest of all shareholders. He informed that the Company operates under a comprehensive governance framework that involves oversight by multiple governing bodies, including the Board and its sub-board committees where the independent non-executive directors provide active feedback and contributions. In addition, the Company complies with standards set by the regulators, and engages external auditors who uphold the Company's comprehensive governance framework.

The Chairperson added that the Board welcomes constructive feedback and inquiries from shareholders, and is committed to investigate and address all matters promptly and efficiently. However, given the potential gravity of the matters raised, he reminded that any claims of misconduct or malpractice should be accompanied by valid evidence, to best optimize the Board's focus.

The Chairperson continued with the affirmation that the Board and the Management remain resolute in dedicating their time, energy and resources to enhancing and growing the Company, to achieve sustainable growth and better performance to bring enhanced value for all stakeholders.

After expressing his appreciation and thanks once again to the shareholders for their ongoing support and confidence in the Company and for attending the AGM, the Chairperson declared the 64th AGM of Hengyuan Refining Company Berhad closed.

There being no other business, the Meeting concluded at 12.18 p.m. with a vote of thanks to the Chairperson.

Confirmed as a correct record,

---

CHAIRMAN

Date:

**Annexure**

**KEY MATTERS RAISED – 64<sup>TH</sup> ANNUAL GENERAL MEETING**

Q1 : A shareholder expressed the hope that after so many years, there would be good news of e-Voucher or e-Wallet being distributed as a token of appreciation at this AGM.

A1 : *Mr Alan thanked the shareholder for the feedback, and informed that as the Company made a loss in FY2022, no e-Voucher nor e-Wallet would be distributed at this AGM.*

*However, on 30 August 2022, the Company was able to declare an interim dividend of RM0.10 per share, and the dividend was paid on 25 October 2022 to all shareholders. The Company expressed its thanks to all shareholders for their support.*

Q2 : With reference to Note 2.9(b) on Page 106 of the 2022 Annual Report, changes in the swap basis spread of cash flow hedges were considered as cost of hedging.

A shareholder wished to know whether Hengyuan had recognised any cost of hedging as profit or loss in FY2021 or FY2022.

A2 : *The CFO responded in the affirmative, and informed that there were costs charge-out in both years that were disclosed in the 2022 Annual Report, in accordance with the prevailing accounting standards.*

Q3 : With reference to Note 23(a) on Page 136 of the 2022 Annual Report, RM9,069,000 and RM3,297,000 of cash flow hedge reserve were reclassified as finance cost in FY2021 and FY2022 respectively.

A shareholder wished to know the reason(s) these amounts were not shown among the breakdown of finance cost as disclosed in Note 8 on Page 124. These used to be presented as a separate line item labelled as "interest rate swaps" from FY2018 to FY2020.

A3 : *The CFO responded that the amounts were not shown in the finance costs as these reclassified borrowings costs mentioned were subsequently capitalised as part of the qualifying plant and equipment costs under construction, as allowed under the MFRS 123 Borrowing Costs. This policy was disclosed under Note 2.16(b) - Borrowings Costs on Page 110. In addition, pursuant to the completion of the refinancing programme undertaken by the Company, there were no outstanding interest rate swap contracts as at 31 December 2022.*

- Q4 : A shareholder observed that the Company in FY2022 suddenly performed so badly with such shocking losses whilst its competitors were doing so much better, and inferred that the poor performance could not be due to the external environment, and sought an explanation on how the Company has been managed.
- A4 : *The CEO explained that the main cause was due to the national power outage in July 2022, which had the following impact on HRC's operations:*
- a) *Significant decline in production volume with a reduction of 16% in second half of 2022 compared to first half of 2022, as the Company had to schedule plant maintenance in Q4 2022 in order to mediate the impact of the sudden power outage on plant performance;*
  - b) *Adverse change in product mix with lower sales volume of main product, that caused 20% reduction in second half of 2022 as compared to first half of 2022;*
  - c) *Higher crude purchase cost in Q3 2022, to divert excessive crude build-up affected by the national power outage; and*
  - d) *Compensation for sales commitment that HRC was unable to meet due to subsequent plant performance.*

*In addition to the internal factors, the Company was also impacted by the external environment as described below:*

*Firstly, with reference to the competitors, the CEO explained that there were 3 sectors in this industry, namely upstream exploration, midstream refining, and downstream retail businesses. Following the outbreak of the Russian-Ukraine war, the upstream exploration businesses experienced periods of surge of crude oil price without increase in their production cost, which led to a special rise in their profits. However, the Company is in the midstream refining business sector, and margins were severely compressed with the significant increase in crude purchase cost; and secondly, there were higher fair value losses in derivative financial instruments, driven by the higher mark-to-market valuation arising from wider crack spreads in the market.*

- Q5 : A shareholder opined that such huge losses have every sign of impropriety and possibly fraud within, and enquired whether the Board has investigated this, especially where whistle-blower(s), if any, have raised issues.
- A5 : *Mr Surinder took the lead to respond to this question, and assured the shareholders that the Board had investigated every single whistle-blower complaint received in 2022; he also emphasized that the Chairman of the Board Whistle-blowing Committee has always been an Independent Director.*

*Mr Surinder informed that there was no impropriety or fraud as alleged. In 2022, the Company had reported that there were no instances of bribery or corruption found pursuant to reported whistleblowing case(s) after investigation by the Board Whistleblowing Committee. The shareholders were invited to refer to Page 20 of the Company's 2022 Sustainability Report.*

*Furthermore, the external auditors had reviewed the Company's accounts and had not found any such cases.*

Q6 : A shareholder enquired about the total inter-company payments made in the financial year.

A6 : *The CFO replied that the total cost incurred for related parties in FY2022 was RM29.6mil, as disclosed on Page 155 of the 2022 Annual Report.*

Q7 : A shareholder enquired to what degree transfer pricing existed.

A7 : *The CFO informed that the Company was guided by the OECD Transfer Pricing Guidelines to ensure related party transactions were at arm's length basis, which were endorsed by Board Audit Committee and approved by the Board of Directors.*

Q8 : A shareholder wished to know when the second refinery plant would begin operation.

A8 : *The CEO replied that the Company does not have a second refinery plant underway.*

Q9 : A shareholder enquired, with the current crude price range and the crack margin, whether the Company would report profit in the coming quarter.

A9 : *The CFO informed that the Company does not provide profit forecasts.*

*However, the Company is actively monitoring the current market conditions, and will continue its efforts to focus on operational efficiency, product quality, hydrocarbon hedging and financial risk management to optimise its performance.*

Q10 : SS Lee, a shareholder enquired about the progress and status of their official report dated 31 Jan 2023 on malpractice, impropriety, misconduct or omission to HRC's in-house Board Whistleblowing Committee.

A10 : *Mr Surinder responded that, in the 2022 Sustainability Report, the Company had reported that there were no instances of bribery, corruption, or misconduct found pursuant to reported whistleblowing case(s) after investigation by the Board Whistleblowing Committee, and invited shareholders to refer to Page 20 of the 2022 Sustainability Report.*

*He also informed that the year-end accounts had been externally audited and no reports of bribery and corruption had been reported.*

Q11 : SS Lee, a shareholder enquired when the Company expects to receive the Certificate of Completion and have the Euro 4M unit successfully commissioned, and a performance test carried out.

A11 : *The CEO replied that, as mentioned in the Management presentation earlier, under the “2022 Company Highlights” concerning the completion of Euro 4M project, the Company had successfully commissioned and carried out performance test of the Euro 4M unit. The Company expects issuance of the Certificate of Completion and Compliance in Q3 2023.*

Q12 : There were two questions from the shareholder(s) related to the Euro 4M project, which were combined as they were similar. The questions submitted were:

- SS Lee, a shareholder enquired what the original budgeted contracted sum and completion date for the Euro 4M project were, compared to the actual sum spent on and completion date of the EURO 4M project; and
- A shareholder enquired whether the Euro 4M project suffered delay and cost escalation above budget, and if yes, what the reasons were for omission, misconduct, malpractice, impropriety by top decision makers that caused the delay and over budget.

A12 : *The CEO clarified as follows:*

- *The Euro 4M project was completed within budget, despite it was behind schedule.*
- *The delay was attributed to the EPCC (Engineering, Procurement, Construction and Commission) contractor’s challenges in meeting the Company’s quality and safety standards, which resulted in additional time and resources to procure and install replacement fittings at the EPCC contractor’s own cost.*
- *Furthermore, due to COVID-19 pandemic restrictions and lockdowns, work at the site was constrained.*

*The shareholders were invited to refer to the announcements made to Bursa Malaysia on 2 November 2018 and 29 November 2019.*

Q13 : SS Lee, a shareholder enquired about the reasons for omission, misconduct, malpractice, impropriety by top decision makers, resulting in payment of such a high premium above Brent crude for Quarter 1, Quarter 2, Quarter 3 and Quarter 4 of 2022.

A13 : *The CFO informed that the crude premium paid was reflective and in tandem with the local market price trends on crude premium. The internal investigation by the Board Whistleblowing Committee and the annual audit by the external auditors had not discovered any misconduct, malpractice and/or impropriety.*

Q14 : SS Lee, a shareholder wished to know, out of the quarterly FY 2022 Fair value gain/ (loss) on derivative financial instruments, how much in Quarter 1, Quarter 2, Quarter 3 and Quarter 4 was from Refining margin swap contracts (Volume and per barrel gain/(loss)), Commodity swap contracts (Volume and per barrel gain/(loss)), and Forward foreign currency contracts (contracts amount and gain/(loss)).

A14 : *The CFO replied that the Company does not disclose this information due to commercial sensitivity in order to protect its market competitiveness.*

*For more details, the shareholders were invited to refer to the summary of significant accounting policy disclosed in the Annual Report on Derivatives and Hedging Activities – Para 2.9, Page 105, and Note 19 Derivative Financial Assets/(Liabilities) (Pages 133 to 135), along with the fair value disclosures section made in the Company’s quarterly results announcement to Bursa Malaysia.*

Q15 : SS Lee, a shareholder made a reference to Page 155 of the 2022 Annual Report, concerning disclosure of recurrent related party transactions, and a shareholder requested that the Company list down the technical services done and each technical services/jobs invoice billed to HRC.

A15 : *The CEO informed that the services provided were technical advisory and consultancy services which were project based. As for the research and development advisory services, it covered any new technology research and advisory support from the group.*

Q16 : SS Lee, a shareholder enquired whether these related party transactions (“RPTs”) were done at arm’s length with proper quotations, vendors’ selection, work/performance specification, price negotiation, cost control, etc, and were in compliance with HRC’s standard operation and governing procedures.

A16 : *The CFO replied that the RPTs were done at arm’s length, and complied with HRC’s standard operation and governing procedures, which were endorsed by the Board Audit Committee and approved by the Board of Directors. RPTs to-date were within the limits approved at the last AGM.*

Q17 : There were three questions from the shareholders (including SS Lee) that were similar, as follows:

- With FY2022 record-breaking double-digit refining margin/crack spread (differences between price of Brent crude oil and sales price of petroleum products) of USD (125 – 101) = USD 24/bbl, if HRC still made losses then what hope could be had on executive directors and top management of HRC;
- In the Board’s opinion, who amongst the executive directors and top management should be held accountable, answerable and responsible for the loss;



- Which executive directors' and top management's heads need to roll for the loss incurred in 2022.

A17 : *Chairman Wang responded as follows:*

*He expressed thanks for the questions from the shareholders, and remarked that the Company would not comment on the accuracy and integrity of the data provided by the shareholders. Chairman Wang reminded that while studying the official published price, further study should also be included on the other composition which form part of the pricing.*

*For the hedging practice, Chairman Wang further shared that when crude inventory price becomes fixed instead of floating, the cargo value would be exposed to market fluctuations. The purpose of hedging is to prevent fixed-price inventory value dropping in any given time-frame due to market price drop, which may cause losses.*

*To prevent this, refiners shall sell an equal volume of Brent oil fixed price futures contracts, to turn the pricing of such inventory to floating. If oil price rises, the physical barrels value would appreciate, but would be offset by loss of futures hedging contracts, and vice versa.*

*Such Brent oil futures selling positions should always be combined with physical barrels price change. In principle, there should be no gain or loss once the hedging cycle is completed, except for different time spreads which may impact relative value.*

*Chairman Wang also clarified that currently, HRC does not have any Executive Directors.*

*Chairman Wang added that HRC adheres to good corporate governance and risk management practices. The key drivers of the 2022 financial performance, which was impacted by market challenges, were disclosed in the Management Discussion and Analysis of the 2022 Annual Report. The Company's financial and accounting practices were also audited by external auditors. There were no occurrences of omission, misconduct, malpractice, or impropriety reported.*

*Chairman Wang informed that the Company operates within a regulatory framework in accordance to the Securities Commission Malaysia, and is committed to acting in the best interests of its shareholders.*

Q18 : A shareholder wished to know how the Company addressed/ resolved the requirement of clean energy.

A18 : *The CEO informed that the Company has taken steps to improve efficiency and reduce carbon emissions. These measures and carbon emissions were disclosed in the Sustainability Report. The completion of the Euro 4M and Hydrogen Manufacturing Unit ("HMU") projects enabled the Company to meet clean energy specifications by the government. The Board had also approved the Company's aspiration to achieve net zero emissions by 2050, and the Company aimed to roll*

*out its Environmental, Social and Governance (“ESG”) framework by the end of 2023.*

Q19 : A shareholder resubmitted their 12/5 question, on how much of the fair value loss on derivative financial instruments included in Note 10 of the following quarterly reports:

Quarter Loss (RM'000) ended

31.03.2022 of 432,206;

30.06.2022 of 438,758;

30.09.2022 of 364,570;

31.12.2022 of 461,939;

totalling 1,697,473

were attributable to Refining margin swap contracts, Commodity swap contracts respectively for each Quarter in RM'000 and RM/bbl.

A19 : *The CFO informed that the details of the Company's derivatives financial instruments were disclosed in Note 5 of the fair value measurement on Page 122 of the Annual Report, which provide the notional value i.e. the contract value and the fair value which was the mark-to-market for each contract type as at December 2022.*

*For quarterly information, the shareholders were invited to refer to Note A18 of the fair value disclosure in the Company's quarterly results announcements.*

*The CFO informed that the RM/bbl for derivative contract is not publicly disclosed as it is commercially sensitive.*