

**HENGYUAN REFINING COMPANY BERHAD (3926-U)**  
**(“HRC” or “the Company”)**

Minutes of the Fifty-Ninth (59<sup>th</sup>) Annual General Meeting (“AGM”) of the Company held at Ballroom 2, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 24 May 2018 at 10.00 a.m.

Present:

- Board of Directors : Mr Wang, YouDe (“Chairman Wang” or “Chairman of the Board”)  
: Mr Wang, ZongQuan (“Deputy Chairman Wang”)  
: Ms Lim Tau Kien (“Ms Lim”)  
: Encik Alan Hamzah Sendut (“En Alan”)  
: Puan Fauziah Binti Hisham (“Pn Fauziah”)  
: Mr Liang Kok Siang (“Mr Liang”)  
(collectively, the “Board”)
- HRC’s Senior Management: : Mr David Ronald Keat, Chief Executive Officer (“CEO”)  
(seated alongside with the Board) : Ms Foo Ai Li, Chief Financial Officer (“CFO”)  
: Mr William Chen, Chief Commercial Officer (“CCO”)  
: Ms Low Peng Peng, Legal Counsel (“LC”)
- Shareholders & Proxies : As per Shareholders/Proxies Attendance List
- In Attendance : Ms Donna Lim Hooi Mooi – Company Secretary
- By Invitation : As per Attendance List

**1.0 ADDRESS BY THE CHAIRMAN**

- 1.1 The Chairman of the Board welcomed everyone to the meeting. At his request and with no objection raised, Ms Low Peng Peng, the Legal Counsel of the Company, was elected to facilitate the meeting’s proceedings in English (hereinafter as “Meeting Facilitator”).
- 1.2 The Meeting Facilitator welcomed the shareholders and proxies to the AGM of the Company. She then proceeded to introduce the members of the Board who were seated at the stage, the Senior Management present alongside with the Board and the Company Secretary. She also explained that both the CCO and herself shall translate for the Chairman throughout the AGM.

**2.0 QUORUM**

As the requisite quorum was present, the Meeting Facilitator invited Chairman Wang to call the AGM to order.

**3.0 NOTICE**

The notice convening the meeting as set out in the Company's 2017 Annual Report was taken as read with the consent of the shareholders present.

Chairman Wang, on behalf of the Board, welcomed all present at the AGM. He thanked all shareholders for their continued support and those who were present. He drew their attention to the Notice convening the AGM that was advertised on the newspapers and also sent to shareholders. He then invited the CFO to present a summary of 2017's financial performance and 2018 prospects of the Company.

The CFO presented key highlights of the Company's 2017's financial performance, and key factors contributing to its exceptional performance. She then shared the context, reasons and criteria for the Board for not being able to declare dividends over the past 4 years, the dividend payout of 2 sen per share for financial year 2017 and the reason why the Board could not support the two resolutions requisitioned by the shareholders.

On the issue of shareholders' requisition for a dividend payout of 43.5 cents per share in respect of the financial year ended 31 December 2017 (Proposed Ordinary Resolution 11) the Board's primary consideration revolved around the Company be able to pass the Solvency Test, which was now required under the Companies Act 2016 i.e. that every company wishing to declare dividends may only do so if it was solvent and in defining solvency, the CFO shared that a Company would have to be able to pay its debts as they fall due during the period of 12 months after the date of payment.

The CFO then reported the key highlights of the following three (3) major capital investments the Company would be undertaking in 2018 and 2019 and shared that the three investments were vital to the Company's long term sustainability and longer-term profitability:

1. 2018 Major Turnaround
2. Project Atlas 2
3. Project E4M

She also added that a project currently under consideration was the expansion of its product jetty to give the Company operational flexibility to improve product movement and to enhance its margins through trading.

The shareholders were informed that the Company had received questions from the Minority Shareholder Watchdog Group ("MSWG") prior to the AGM. The questions and answers were displayed on screen and read out to all shareholders present. The questions were centred on:

1. Plant reliability and utilization
2. Project E4M
3. Financing facilities
4. Directors' Fees and Benefits

The Meeting Facilitator thanked the CFO and then proceeded to move onto the Agenda as per the Notice of the 59<sup>th</sup> AGM.

**4.0 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

Members of the floors were notified that Section 340(1)(a) of the Companies Act, 2016 (the "Act") require that the Audited Financial Statements and the Reports of the Directors and Auditors be laid before the Company at its AGM. As such, the agenda item was not a business which required a resolution to be put to vote by the shareholders. The Meeting Facilitator enquired whether members present had any questions pertaining to the financial statements and highlighted that there would be an Extraordinary General Meeting to be convened at 11.30 a.m. The Meeting Facilitator also informed that should shareholders have many questions the Company had provided for question slips which were available and the Board would provide answers within 14 working days. The key matters raised and answers provided are listed in the annexure attached.

After all questions had been dealt with, the Meeting Facilitator declared the Audited Financial Statements for the financial year ended 31 December 2017 properly laid and received in accordance with the Act.

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

The Meeting Facilitator proceeded with the second item of the AGM agenda which was the re-election of Deputy Chairman Wang, who would be retiring in accordance with Article 81(3) of the Constitution of the Company, and who being eligible, had offered himself for re-election as a Director of the Company.

There being no questions raised, the Meeting Facilitator informed the floor that the poll for Ordinary Resolution 1 would be taken at the end of the meeting.

**6.0 ORDINARY RESOLUTION 2**  
**RE-ELECTION OF MS LIM TAU KIEN**

The Meeting Facilitator then proceeded with the next item of the agenda which was the re-election of Ms Lim Tau Kien, who would be retiring in accordance with Article 81(9) of the Constitution of the Company and had offered herself for re-election, as a Director of the Company.

There being no questions raised, the Meeting Facilitator informed that the poll for Ordinary Resolution 2 would be taken at the end of the meeting.

**7.0 ORDINARY RESOLUTION 3**  
**RE-ELECTION OF MR ALAN HAMZAH SENDUT**

The meeting then considered the next item of the agenda which was the re-election of Mr Alan Hamzah Sendut, who would be retiring in accordance with Article 81(9) of the Constitution of the Company and had offered himself for re-election as a Director of the Company.

There being no questions raised, the Meeting Facilitator informed that the poll for Ordinary Resolution 3 would be taken at the end of the meeting.

**8.0 ORDINARY RESOLUTION 4**  
**RE-ELECTION OF PUAN FAUZIAH HISHAM**

The meeting moved on to the next item of the agenda which was the re-election of Puan Fauziah Hisham, who would be retiring in accordance with Article 81(9) of the Constitution of the Company and had offered herself for re-election as a Director of the Company.

There being no questions raised, the Meeting Facilitator informed that the poll for Ordinary Resolution 4 would be taken at the end of the meeting.

**9.0 ORDINARY RESOLUTION 5**  
**RE-ELECTION OF MR LIANG KOK SIANG**

The meeting carried on to the next item of the agenda which was the re-election of Mr Liang Kok Siang, who would be retiring in accordance with Article 81(9) of the Constitution of the Company and had offered himself for re-election as a Director of the Company.

There being no questions raised, the Meeting Facilitator informed that the poll for Ordinary Resolution 5 would be taken at the end of the meeting.

**10.0 ORDINARY RESOLUTION 6**  
**RE-APPOINTMENT OF AUDITORS**

The meeting then proceeded with the next item on the agenda which was the re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and the approval of authorization given to Directors to fix their remuneration.

There being no questions raised, the Meeting Facilitator informed that the poll for Ordinary Resolution 6 would be taken at the end of the meeting.

**SPECIAL BUSINESSES**

**11.0 ORDINARY RESOLUTION 7**  
**PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS OF UP TO RM2,900,000 FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2019**

The meeting next discussed the agenda item on the proposed payment of non-executive Directors' fees and benefits of up to RM2,900,000.00 for the period of 1 January 2018 to 30 June 2019. At MSWG's prior request, a breakdown of the proposed 18-month period's fees were presented on a slide for the floor to view.

There being no questions asked, the Meeting Facilitator informed that the poll for Ordinary Resolution 7 would be taken at the end of the meeting.

**12.0 ORDINARY RESOLUTION 8**  
**AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The meeting moved on to discuss the agenda item on the proposed authority to allot and issue new ordinary 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 Meeting and was taken as read.

The intent of this resolution was to provide flexibility to the Company to issue new shares in the Company not exceeding 10% of the total number of issued shares of the Company for purposes as the Board consider would be in the Company's best interests without the need to convene a separate general meeting. This was to avoid incurring additional cost and time.

There being no questions asked, the Meeting Facilitator informed that the poll for Ordinary Resolution 8 would be taken at the end of the meeting.

**13.0 ORDINARY RESOLUTION 9**  
**PROPOSED AUTHORITY FOR SHARE BUY-BACK**

The meeting proceeded to discuss the agenda item on the proposed authority to carry out share buy-back. The details of the share buy-back exercise was detailed in the Circular to the Shareholders dated 25 April 2018 circulated to the shareholders along with the Annual Report and was taken as read.

The questions raised and answers provided are listed in the annexure attached. After the questions were dealt with, the Meeting Facilitator informed that the poll for Ordinary Resolution 9 would be taken at the end of the meeting.

**14.0 ORDINARY RESOLUTION 10**  
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The meeting continued to discuss the next agenda item on proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the related parties as a set out in Section 2.2.2 of the Circular to the Shareholders dated 25 April 2018. The full text of the Ordinary Resolution 10 was set out in the Notice of Meeting and was taken as read.

The questions raised and answers provided are listed in the annexure attached. After the questions were dealt with, the Meeting Facilitator informed that the poll for Ordinary Resolution 10 would be taken at the end of the meeting.

#### **15.0 ANY OTHER BUSINESS**

The Company had received notice for two items to be tabled at the Meeting. The Meeting Facilitator informed that the proposed Ordinary Resolution 11 and proposed Ordinary Resolution 12 were requisitioned under Section 322 and Section 323(2)(b) of the Companies Act 2016 by the shareholders of the Company. It was explained that the Ordinary Resolution 11 and Ordinary Resolution 12 set out in the Notice were not endorsed by the Board as they would render the Company being unable to pass the solvency test as specified under the Companies Act 2016. The Board was thus, as set out in the Notice's explanatory note (e), not able to support the requisition and has recommended that shareholders vote against the said proposed Ordinary Resolution 11 and Ordinary Resolution 12 as these were, in the opinion of the Board, not in the best interests of the Company as a whole.

The Chairman of the Board was invited to provide further insights into this matter. Thereafter, the Meeting Facilitator enquired whether members present had any questions pertaining to the said matter. The questions raised and answers provided are listed in the annexure attached.

After all questions had been dealt with, the Meeting Facilitator informed that polling on the eligible items of the agenda would be deferred to the end of the Extraordinary General Meeting ("EGM") which would be held shortly after the adjournment of the AGM so that the shareholders could vote for all items concurrently.

The Meeting Facilitator invited the Chairman of the Board to adjourn the AGM, which was adjourned at 12.00 noon in order for the Extraordinary General Meeting to take place.

After addressing questions arising from the EGM, the EGM was adjourned and the AGM was re-convened. The Meeting Facilitator invited the representative of the poll administrators, Tricor Investor & Issuing House Sdn Bhd, to brief the shareholders on poll procedures. The Meeting Facilitator informed the meeting that the Board had appointed Asia Securities Sdn Bhd as the scrutineers for the voting. After the briefing was done the shareholders proceeded to vote and on completion of voting the meeting was adjourned.

#### **16.0 ANNOUNCEMENT OF POLL RESULTS**

**HENGYUAN REFINING COMPANY BERHAD (3926-U)**  
**Minutes of Fifty Ninth (59<sup>th</sup>) Annual General Meeting held on 24 May 2018**

At 12.40 pm, the Chairman of the Board reconvened the AGM and declared the poll results as follows:-

Resolutions	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<b>Resolution 1</b>	168,684,243	95.553	7,851,000	4.447	176,535,243	100.00
<b>Resolution 2</b>	176,227,443	99.826	307,800	0.174	176,535,243	100.00
<b>Resolution 3</b>	172,198,243	97.545	4,333,000	2.455	176,531,243	100.00
<b>Resolution 4</b>	176,321,343	99.881	209,900	0.119	176,531,243	100.00
<b>Resolution 5</b>	176,298,243	99.869	232,100	0.131	176,530,343	100.00
<b>Resolution 6</b>	176,180,443	99.802	349,900	0.198	176,530,343	100.00
<b>Resolution 7</b>	171,319,843	97.229	4,882,300	2.771	176,202,143	100.00
<b>Resolution 8</b>	176,155,543	99.778	392,800	0.222	176,548,343	100.00
<b>Resolution 9</b>	176,185,643	99.980	34,500	0.020	176,220,143	100.00
<b>Resolution 10</b>	23,387,141	99.850	35,200	0.150	23,422,341	100.00
<b>Resolution 11</b>	1,817,808	1.030	174,708,535	98.970	176,526,343	100.00
<b>Resolution 12</b>	1,825,908	1.034	174,700,435	98.966	176,526,343	100.00

Based on the poll results, the Meeting Facilitator, on behalf of the Chairman, declared that all resolutions tabled by the Company were carried with the exception of proposed resolutions 11 and 12 which were not 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(3) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 2**  
**RE-ELECTION OF MS LIM TAU KIEN**

“THAT Ms Lim Tau Kien, the Director retiring in accordance with Article 81(9) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 3**  
**RE-ELECTION OF MR ALAN HAMZAH SENDUT**

“THAT Mr Alan Hamzah Sendut, the Director retiring in accordance with Article 81(9) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 4**  
**RE-ELECTION OF PUAN FAUZIAH HISHAM**

“THAT Puan Fauziah Hisham, the Director retiring in accordance with Article 81(9) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 5**  
**RE-ELECTION OF MR LIANG KOK SIANG**

“THAT Mr Liang Kok Siang, the Director retiring in accordance with Article 81(9) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

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

“THAT Messrs PricewaterhouseCoopers PLT be and are hereby reappointed 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 7**  
**PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS OF UP TO RM2,900,000 FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2019**

“THAT the payment of non-executive Directors' fees and benefits of up to RM2,900,000.00 for the period of 1 January 2018 to 30 June 2019 be approved.”

**ORDINARY RESOLUTION 8**  
**AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the total number of issued shares of the Company for the time being AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**ORDINARY RESOLUTION 9**  
**PROPOSED AUTHORITY FOR SHARE BUY-BACK**



**HENGYUAN REFINING COMPANY BERHAD (3926-U)**  
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- (a) the conclusion of the next Annual General Meeting (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(2) of the Companies Act, 2016 (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 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."

**ORDINARY RESOLUTION 11 (NOT CARRIED)**  
**REQUISITIONED RESOLUTION TO APPROVE A FINAL SINGLE TIER DIVIDEND OF 43.5 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

"To approve a final single tier dividend of 43.5 sen per share in respect of the financial year ended 31 December 2017."

**ORDINARY RESOLUTION 12 (NOT CARRIED)**  
**REQUISITIONED RESOLUTION TO APPROVE A FORMAL DIVIDEND POLICY OF ALLOCATING AT LEAST 15% OF THE COMPANY'S PROFIT AFTER TAX, EXCLUDING EXCEPTIONAL ITEMS TO BE DISTRIBUTED TO ITS SHAREHOLDERS AS DIVIDEND PAYMENT**

"To approval a formal dividend policy of allocating at least 15% of the Company's profit after tax, excluding exceptional items to be distributed to its shareholders as dividend payment."

- 17.0** There being no other business AGM was closed at 12.43 p.m. with a vote of thanks to the Meeting Facilitator and Chairman of the Board.

Signed as a correct record

**CHAIRMAN**



Date: 27 August 2018

**Annexure**

**KEY MATTERS RAISED – 59<sup>TH</sup> ANNUAL GENERAL MEETING**

- Q1 Shareholders enquired how the quantum of dividend paid during the year was decided and the amount of cash needed for the Company to operate and whether the Company could declare higher dividends. Shareholders had requisitioned for the Company to pay higher dividends as well as establish a formal dividend policy.
- A1 *The CFO provided a brief overview on the Solvency Test key parameters, primarily around sections 131 and 132 (1) to (4) of the Companies Act 2016. She also explained how the Company determined its cash requirements i.e. via a cash forecast of up to 18 months. The Chairman explained that the Board had, after careful consideration and taking into cognizance the requirement of the Companies Act, resolved to pay the dividends for the financial year ended 31 December 2017.*
- Q2 Shareholders raised questions on the Company's investment in the Euro4M project.
- A2 *The shareholders were informed that the Euro4M project was designed with Euro5M in mind.*
- Q3. Shareholders suggested that the Company consider a bonus issue exercise or introduce ESOS, institute a share split and/or offer free warrants.
- A3 *The Board took note of the suggestions and would consider the matter.*
- Q4. Shareholders had raised enquiries over the rationale for the Company to restructure its loan having observed the existing cash balances and had commented that rather than restructuring the loans, the cash used to pay interests could be utilized to pay dividends.
- A4. *The Board took note of shareholders comments and explained that instead of continuing with term loans the Company had moved to revolving credit facilities thus saving interests in the long run.*
- Q5. Shareholders enquired about recurrent related party transactions and the need for the increase in the mandate quantum.
- A5. *The queries by shareholders were addressed during the Extraordinary General Meeting/*