

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

Minutes of the Sixty-Fifth (65<sup>th</sup>) Annual General Meeting (“AGM”) of the Company held entirely through live streaming from the broadcast venue at Zenith Junior Ballroom, Level M1, Connexion Conference & Event Centre, Nexus Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Tuesday, 28 May 2024 at 10.00 a.m.

Present:

- Directors : Mr Wang, YouDe (“Chairperson” )  
Mr Alan Hamzah Sendut (“Mr Alan”)  
Mr Surinderdeep Singh a/l Mohindar Singh (“Mr Surinder”)  
- via video conference  
Mr Wang, ZongQuan – via video conference  
Ms Li, XiaoXia – via video conference  
Ms Tai Sook Yee – via video conference  
(collectively, the “Board”)
- HRC’s Senior Management: : Mr Luke Yin, Lujiang, Chief Executive Officer (“CEO”)  
Mr Elwin Tan Chun Siang, Chief Financial Officer (“CFO”)
- 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, (“Auditor”) audit partner of PricewaterhouseCoopers  
PLT  
– via video conference  
Ms Vera Peng Wen Lin, translator to the Chairperson  
- 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 in a virtual manner, and that the attendance of the AGM was restricted to shareholders, proxies and authorised representatives of corporate shareholders who had registered to join the AGM remotely. He reminded that any visual or audio recording of the AGM was strictly prohibited unless prior written consent had been obtained.

Thereafter, the Chairperson proceeded to introduce Board member, Mr Alan Hamzah Sendut, the CEO and CFO of the Company, who were present at the Broadcast Venue, as well as the other Board members, Mr Wang, ZongQuan, Ms Tai Sook Yee, Mr Surinder and Ms Li, XiaoXia, the Company Secretary, and the Auditor, who attended the AGM via video conferencing.

## **2.0 QUORUM**

The Company Secretary confirmed that the requisite quorum was present. The Chairperson called the AGM 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 2023 Annual Report be taken as read.

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

Mr Alan thanked the Chairperson and invited the CFO to explain the question and answer and the voting processes of the AGM.

The CFO 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 AGM until the closure of the voting session.

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

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

Before proceeding with the business of the AGM, Mr Alan invited the CEO to present to the shareholders the Company's performance for the financial year 2023, entitled "65th Annual General Meeting Management's Presentation".

The CEO's presentation covered the following areas:-

1. Market Environment
  - Geopolitical tension
  - Energy transition
2. Summary of 2023 Company Highlights
  - Successfully completed a major Turnaround exercise
  - Achieved operational availability of 99.3%
  - 30-year track record of ZERO work-related fatalities
  - Received 5-star rating for Critical Installation Facility
  - Rolled out People Programme
  - Implemented the Sustainability & Environment, Social and Governance (ESG) Framework & Roadmap
  - Awards and Recognition;
3. 2023 Company Highlights
  - Operational Excellence
    - Major Turnaround 2023
  - Operational Excellence: Safety
  - Financial Performance
  - Prepared for the Future
  - Sustainability & ESG
    - Roadmap
    - Governance Structure
    - Energy Masterplan
    - FTSE4GOOD
    - Awards & Recognition
  - Our People
    - People Programme
    - Employee Engagements
  - Our Community
  - Public-Private Initiative
  - Corporate Governance
  - Business Integrity Week; and
4. 2024 Moving Forward
  - Optimising organisational strength through HRC's People Programme
  - Implementing Sustainability and ESG Framework to meet regulatory requirements
  - Planning for Phase 2 of the Energy Masterplan
  - Planning ahead for Euro 5M product specifications
  - Executing 9 identified Business Improvement Plan ("BIP") tactics to boost margins

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 2023 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 2023 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 for the financial year ended 31 December 2023 (“Company’s 2023 Annual Report”) on 26 April 2024, 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.

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

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

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

**7.0**      **ORDINARY RESOLUTION 2**  
**RE-ELECTION OF SURINDERDEEP SINGH A/L MOHINDAR SINGH**

Mr Alan continued with Ordinary Resolution 2, which was the re-election of Mr Surinderdeep Singh a/l Mohindar Singh, who was retiring in accordance with Article 81(c) of the Constitution of the Company and who had offered himself for re-election as a Director of the Company.

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

**8.0**      **ORDINARY RESOLUTION 3**  
**RE-ELECTION OF MS LI, XIAOXIA**

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

Mr Alan confirmed that Ms Li, XiaoXia was eligible for re-election, and had indicated her willingness to be re-elected.

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

Mr Alan continued with the next item on the agenda, which was the appointment of KPMG PLT as auditors of the Company for the financial year ending 31 December 2024 in place of the outgoing auditors, PricewaterhouseCoopers PLT, to hold office until the conclusion of the next annual general meeting, at a remuneration to be determined by the directors.

The full text of the resolution was set out in the Notice of AGM dated 26 April 2024. The Board and Board Audit Committee collectively agreed to the change of auditors to ensure a more coherent and efficient external audit process, as the holding company is engaging KPMG PLT.

KPMG PLT has given their consent to act as auditors of the Company. The Board hereby recommend the appointment of KPMG PLT as auditors of the Company.

**10.0 ORDINARY RESOLUTION 5**  
**PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS OF UP TO RM2,400,000.00 FOR THE PERIOD FROM 1 JUNE 2024 UNTIL 31 MAY 2025**

The AGM proceeded with the next item on the agenda, which was to approve the payment of non-executive Directors' fees and benefits of up to RM2,400,000.00 for the period from 1 June 2024 until 31 May 2025.

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

The AGM proceeded to discuss the next item of the agenda on the proposed renewal of 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 26 April 2024 and was taken as read.

The intent of the resolution was to provide flexibility to the Company to issue new shares in the Company up to an amount not exceeding 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 AGM 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 Shareholders dated 26 April 2024 accompanying the Company's 2023 Annual Report, and was taken as read.

**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 AGM 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 Shareholders dated 26 April 2024 accompanying the Company's 2023 Annual Report, 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 Shareholder 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. Mr Alan informed that the questions and responses would be uploaded to the Company’s website after the AGM.

Thereafter, Mr Alan moderated the question-and-answer session. The Chairperson, the CEO and the CFO addressed the 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 of 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 AGM 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	162,937,977	99.7393	425,949	0.2607	Carried
Ordinary Resolution 2	163,245,727	99.9276	118,199	0.0724	Carried
Ordinary Resolution 3	163,257,127	99.9346	106,798	0.0654	Carried
Ordinary Resolution 4	163,264,034	99.9389	99,892	0.0611	Carried
Ordinary Resolution 5	155,136,586	94.9737	8,210,315	5.0263	Carried
Ordinary Resolution 6	155,366,332	95.1044	7,997,593	4.8956	Carried
Ordinary Resolution 7	155,408,807	95.1304	7,955,218	4.8696	Carried
Ordinary Resolution 8	10,143,224	98.5265	151,699	1.4735	Carried

It was RESOLVED as follows: -

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

“THAT Mr Wang, YouDe, 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 MR SURINDERDEEP SINGH A/L MOHINDAR SINGH**

“THAT Mr Surinderdeep Singh a/l Mohindar Singh, 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 LI, XIAOXIA**

“THAT Ms Li, XiaoXia, 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**  
**APPOINTMENT OF AUDITORS**

“THAT KPMG PLT be and are hereby appointed as auditors of the Company for the financial year ending 31 December 2024 in place of the outgoing auditors, PricewaterhouseCoopers PLT and to hold office until conclusion of the next annual general meeting at a remuneration to be determined by the directors.”

**ORDINARY RESOLUTION 5**  
**PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS OF UP TO RM2,400,000.00 FOR THE PERIOD FROM 1 JUNE 2024 UNTIL 31 MAY 2025**

“THAT the payment of non-executive Directors' fees and benefits of up to RM2,400,000.00 for the period from 1 June 2024 until 31 May 2025 be and is hereby approved.”



**ORDINARY RESOLUTION 6**  
**PROPOSED RENEWAL OF 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 26 April 2024 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 contributions 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.

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, including the esteemed shareholders.

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 65th AGM of the Company closed.

There being no other business, the AGM concluded at 12.29 p.m. with a vote of thanks to the Chairperson.

Confirmed as a correct record,

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CHAIRPERSON

Date:

## Annexure

### KEY MATTERS RAISED – 65<sup>TH</sup> ANNUAL GENERAL MEETING

- Q1 : A shareholder enquired whether the Company could increase dividend payout, or issue bonus to reward investors, since the Company did not distribute any gift or dividend in the past few years. The shareholder commented that the oil & gas sector was obtaining better returns from time to time.

The question above was repeated in the national language, as follows:  
Pihak pengurusan syarikat haruslah memberi hasil pelaburan setiap tahun kepada pelabur untuk meningkatkan nilai syarikat supaya dapat menerima pelaburan yang berterusan.

- A1 : *The Chairperson thanked the shareholders for their continued support and expressed that the Company has every intention to continue rewarding the shareholders where feasible.*

*Currently, the Company's primary focus has been on strengthening its financial foundation and investing in strategic growth initiatives that ensure long-term sustainability and profitability. The Board constantly assesses the feasibility of issuing dividends, if it is within the Company's capacity and capability and does not compromise its strategic objectives or future plans.*

*The Company is optimistic about the improving conditions in the oil and gas sector and will keep the shareholders updated on future possibilities of rewarding the investors as the Company's financial situation and market conditions evolve.*

- Q2 : A shareholder observed that the Company is stable in overall operations and more experienced in the oil and gas sector, and therefore, it should be sustainably stronger than others. The shareholder wished to know the followings:
- (a) What is the main core business in relation to profit and revenue return?
  - (b) What technology, owned by the Company, is better than other players?
  - (c) Does the Company have capability in the China and Taiwan markets, in terms of joint venture with other counter local player capability?
  - (d) Did delay in delivering contract service cause the Company less in profit and revenue, in the past financial year?

- A2 : *The CEO gave the following responses:*

*(a) HRC's core business lies in the refining and manufacturing of petroleum products, with operations centred in Malaysia. The Company's revenue generation is primarily derived from processing crude oil into high-value petroleum products such as gasoline, diesel, and jet fuel, which are marketed both domestically and internationally. These operations form the backbone of the Company's financial performance and strategic growth.*

*(b) HRC utilises advanced refining technologies that enhance the Company's operational efficiency, safety, and environmental compliance. While specifics on technology comparisons with other players are subjected to exclusive rights, HRC is committed to maintaining industry-leading standards, and continuously invests in technology upgrades to stay at the forefront of the refining industry.*

- (c) *Currently, HRC's operations and market focus are primarily in Malaysia. While HRC's major shareholder is based in China, the Company does not actively engage in joint ventures with any other players in any regions. The Company's strategic international engagements are carefully evaluated to align with its overall business objectives and shareholder interests.*
- (d) *In the past financial periods, HRC has effectively managed its operations to mitigate significant financial setbacks due to delays in contract service delivery. For example, during the E4M project where there were announced delays in completion, HRC successfully maintained continuous production, and there was no disruption in the supply of inspected products to its customers. This proactive management was reflected in the Company's quarterly announcements over the past year, confirming that these delays did not negatively impact the Company's revenue streams. The Company's operational strategy continues to focus on robust risk management practices that helps ensure stability and continuity in its service delivery. This approach underscores HRC's commitment to maintaining operational integrity and financial stability, even when project extensions or scheduling adjustments may occur.*
- Q3 : A shareholder wished to know the following:
- (a) With regards to stock recognition, does the Company recognises first in first out or last in first out?
  - (b) With excellent derivatives products to hedge on margins, does the Company see itself turning profitable going forward in year 2024? If yes, what are the potential profits?
  - (c) Is the Company using RMB instead of USD for trade?
  - (d) Is the Company considering the possibility of buying out Shell's retail network?
- A3 : *The CFO gave the following responses:*
- (a) *HRC adopts First-In-First-Out ("FIFO") method as a basis for recognising its stocks, as disclosed in Note 2.12 - Inventories, page 112 of the 2023 Annual Report which adopted the accounting treatment as prescribed by MFRS 102 Inventories.*
  - (b) *Following the completion of the major turnaround, the Company is optimistic about the potential for enhanced profitability in 2024. The turnaround has significantly improved plant efficiency, allowing for increased plant intake. The Company has also effectively managed most of the long hedging positions taken prior to the Russia-Ukraine conflict. While it is premature to give exact potential profits, the Company will continue to focus on operational efficiency, product quality, and strategic hydrocarbon hedging, coupled with robust financial risk management to optimise its performance in the coming fiscal year. This reflects the Company's commitment to maximising shareholder value.*
  - (c) *All HRC's crude suppliers conduct transactions in USD, reflecting the current global economic landscape where the USD serves as the principal currency.*
  - (d) *HRC is not considering the acquisition of Shell's retail network. The Company's current focus remains on enhancing its core operations and exploring strategic*

*opportunities that align with its long-term growth and operational efficiency objectives.*

Q4 : With reference to HRC 2023 Annual Report (page 24) - Our plant is a complex refinery, and on (page 43) - HRC suffered a RM0.1 billion gross loss due to more maintenance incurred, a shareholder addressed a question to the Board of Directors, on whether the HRC refinery, being a complex plant, would have to incur high maintenance expenses every year which consistently incur losses, due to its complicated design.

A4 : *The CEO explained that the complex nature of a refinery does involve higher maintenance expenses, which are critical for ensuring operational efficiency and safety. The complexity of HRC's operations allows the Company to process a wider range of crude oils and produce a more extensive range of products, which strategically positions HRC in the market. This complexity however also necessitates extensive and frequent maintenance to maintain high safety and operational standards.*

*In FY2023, HRC encountered specific challenges that collectively influenced the reported gross loss. It is important to note that while the complex design of the refinery does lead to significant maintenance costs, these are essential investments that protect the long-term viability and efficiency of the operations, and ensure HRC meets all regulatory requirements.*

*The challenges were:*

- The major Turnaround, important for long-term operational efficiency and safety, required a temporary reduction in production volumes. Along with scheduled maintenance in Q1 2023, the Company's sales volume was significantly impacted, which decreased by 14.3% for FY2023. The timing of these events also coincided with periods of higher product cracks for Gasoil and Jet A1, leading to missed opportunities for higher margins.*
- The financial results were also impacted by hedging losses due to the realisation of long positions previously undertaken, which were influenced by market volatilities.*
- High finance costs due to rising US interest rates amid high inflationary pressures, coupled with the weakening of the Malaysian Ringgit against the US Dollar, resulted in net forex losses.*

Q5 : A shareholder enquired about door gift and petrol card.

A5 : *The Chairperson responded that the decision regarding door gifts was taken with careful consideration of the Company's financial health. As the Company made a loss in FY2023, the Board regrets to inform shareholders that no door gift would be distributed in this AGM.*

Q6 : There was a comment from a shareholder, that since the Board of Directors had decided not to give any door gift as appreciation of shareholders' efforts, time, cost and participation in the AGM, then it was advisable that the Board should also not be getting any fees for their work and in attending AGMs. The shareholder thanked the Board for their support and understanding.

*A6 : The Chairperson expressed appreciation for the shareholder's feedback, and thanked the shareholder for sharing their perspective. He explained that the decision regarding door gifts and the remuneration of the Board were taken with careful consideration of the Company's financial health and governance standards.*

*The Board's compensation is structured to reflect the responsibilities and the value they bring to the strategic management of the Company, ensuring alignment with the long-term interests of all stakeholders. The Company remains committed to transparency and value the contributions of its shareholders to these discussions.*

*The Chairperson thanked the shareholder(s) for their ongoing support and engagement.*