

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

Minutes of the Sixty-First (61st) Annual General Meeting ("AGM") of the Company held entirely through live streaming from the broadcast venue at **Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur (Broadcast Venue), on Tuesday, 23 June 2020 at 10.00 a.m.**

Present:

- Directors : Mr Alan Hamzah Sendut ("Chairperson")
Mr Wang, Youde ("Mr Wang" or "Chairman Wang") – via video conference
Mr Wang, ZongQuan – via video conference
Puan Fauziah Binti Hisham – via video conference
Mr Liang Kok Siang – via video conference
Mr Surinderdeep Singh a/l Mohindar Singh – via video conference
(collectively, the "Board")
- HRC's Senior Management: : Mr Erkki Tapio Ranta, Chief Executive Officer ("CEO")
Ms Jocelyn Wang, Chao-Jen, Deputy Chief Executive Officer– via video conference
Mr Justin Quek Ting Chin, Chief Financial Officer
("CFO" or "Mr Justin Quek")
Mr William Chen, Chief Commercial Officer
– via video conference
- Shareholders : As per Shareholder Attendance List
- Proxies : As per Proxy Attendance List
- In Attendance : Ms Ong Wai Leng – Company Secretary
- By Invitation : As per Attendance List

1.0 ADDRESS BY THE CHAIRPERSON

Mr Alan Hamzah Sendut, an independent non-executive director who was appointed by the Board as the Chairperson to chair and commence proceedings of the 61st Annual General Meeting ("AGM"), thanked and welcomed the shareholders, authorised representatives, management team and the Board to the AGM and for participating remotely from various locations through live streaming.

Mr Alan Hamzah Sendut shared that the Board Chairman, Mr Wang YouDe, was unable to travel to Malaysia due to border restrictions imposed by the Malaysian authorities as a result of the Covid-19 outbreak and that Mr Wang had sent his apologies for not being able to chair the AGM in Malaysia.

The Chairperson informed that the AGM was conducted in a virtual manner due to the Covid-19 pandemic, in adherence to the guidelines issued by the Securities Commission and the advice of the health authorities to take preventive measures to stem the spread of the Covid-19 virus.

Thereafter, the Chairperson proceeded to introduce the members of the Company who were with him at the broadcast venue and members of the Board who were attending 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.

The Chairperson invited Mr Justin Quek, Chief Financial Officer of the Company, to explain the questions and answers and voting processes of the AGM.

Mr Justin Quek directed shareholders to submit their questions through the online query box and informed that pursuant to Paragraph 8.29(A) of Bursa Malaysia Securities Berhad's 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. The votes would be verified by Asia Securities Sdn Bhd, who had been appointed as the independent scrutineers.

Shareholders were informed that voting of 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 to be done through the RPV facility.

3.0 PRESENTATION BY THE CHIEF EXECUTIVE OFFICER

Before the Chairperson proceeded with the business of the meeting, he invited Mr Erkki Tapio Ranta, the Chief Executive Officer of the Company, to give a presentation to the shareholders.

The CEO's presentation covered the following areas:-

1. Market Challenges;
2. The Company's Strategic Compass; and
3. Steps Moving Forward.

The CEO stated that the Company was "Here to Stay and Here to Grow", and thanked shareholders for their continuous support.

The Chairperson thanked the CEO for his presentation and moved on to the agenda and resolutions of the AGM.

4.0 NOTICE

The notice convening the AGM as set out in the Company's 2019 Annual Report was taken as read with the consent of the shareholders present.

5.0 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The shareholders were informed that the Audited Financial Statements ("AFS") for the financial year ended 31 December 2019 were tabled pursuant to Section 340(1)(a) of the Companies Act 2016. The Chairperson informed that the AFS had been sent to all the shareholders, together with the Company's 2019 Annual Report on 22 May 2020, 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.

The Chairperson declared that the AFS of the Company for the financial year ended 31 December 2019, together with the Directors' and Auditors' Report thereon, was properly laid before the AGM in accordance with the Companies Act 2016.

6.0 ORDINARY RESOLUTION 1
RE-ELECTION OF PUAN FAUZIAH HISHAM

The Chairperson proceeded with the second item of the agenda of the AGM, 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 who had offered herself for re-election as a Director of the Company.

The Chairperson confirmed that Puan Fauziah Hisham had indicated her willingness to be re-elected.

7.0 ORDINARY RESOLUTION 2
RE-ELECTION OF MR WANG, ZONGQUAN

The Chairperson proceeded with the next item of the agenda, 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 who had offered himself for re-election as a Director of the Company.

The Chairperson confirmed that Mr Wang, ZongQuan had indicated his willingness to be re-elected.

8.0 ORDINARY RESOLUTION 3
RE-APPOINTMENT OF AUDITORS

The Meeting moved to the next item on the agenda, which was the re-appointment of Messrs PricewaterhouseCoppers PLT ("PwC") as the Auditors of the Company until the conclusion of the next AGM and the authorisation for Directors to fix their remuneration.

The Chairperson informed shareholders that the Board and Board Audit Committee collectively recommended that PwC be re-appointed as Auditors of the Company.

9.0 ORDINARY RESOLUTION 4
PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS OF UP TO RM2,300,000 FOR THE PERIOD FROM 1 JUNE 2020 UNTIL 30 MAY 2021

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 2020 to 30 May 2021.

10.0 ORDINARY RESOLUTION 5
AUTHORITY TO ALLOT AND ISSUE 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 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 AGM dated 22 May 2020 and was taken as read.

The intent of the resolution was to provide flexibility to the Company to allot and issue new shares in the Company 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.

11.0 ORDINARY RESOLUTION 6
PROPOSED AUTHORITY FOR SHARE BUY-BACK

The Meeting proceeded to discuss the agenda item on the proposed authority for share buy-back. The details of the share buy-back exercise were stated in the Circular to Shareholders dated 22 May 2020, which had been sent to shareholders along with the Company's 2019 Annual Report.

12.0 ORDINARY RESOLUTION 7
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 the proposed renewal of shareholders' mandate for 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 22 May 2020. The full text of Ordinary Resolution 7 was set out in the Notice of Meeting and was taken as read.

13.0 SPECIAL RESOLUTION 1
PROPOSED AMENDMENT OF THE CONSTITUTION OF THE COMPANY

The meeting continued to discuss the last agenda item on the Special Resolution 1 pertaining to the proposed amendment of the Constitution of the Company, the details of which were set out in the Circular to Shareholders dated 22 May 2020 sent to the shareholders along with the Company's 2019 Annual Report for the financial year ended 31 December 2019.

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

The Chairperson 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 would be uploaded to the Company's website after the AGM.

Thereafter, the Chairperson addressed the questions received from the shareholders, which were submitted through Tricor's online TIIH platform prior to the AGM and those received via the online query box during the meeting.

The questions and answers are listed in the annexure attached.

The meeting proceeded to the voting of the resolutions. After 10 minutes, the Chairperson announced the closure of the voting session and adjourned the AGM to allow the scrutineers to verify the votes casted.

16.0 ANNOUNCEMENT OF POLL RESULTS

The Chairperson reconvened the meeting and announced the poll results as follows:

Resolutions	Vote For		Vote Against		Results
	No of Units	%	No of Units	%	
Ordinary Resolution 1	158,939,107	99.967	52,727	0.033	Carried
Ordinary Resolution 2	157,635,017	99.147	1,356,817	0.853	Carried
Ordinary Resolution 3	158,946,917	99.971	45,917	0.029	Carried
Ordinary Resolution 4	158,927,652	99.961	61,782	0.039	Carried
Ordinary Resolution 5	158,308,617	99.571	682,217	0.429	Carried
Ordinary Resolution 6	158,942,317	99.968	50,517	0.032	Carried
Ordinary Resolution 7	5,871,915	99.124	51,917	0.876	Carried
Special Resolution 1	158,933,707	99.967	52,027	0.033	Carried

It was RESOLVED as follows: -

ORDINARY RESOLUTION 1
RE-ELECTION OF PUAN HAUZIAH 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 2
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 3
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 4
PAYMENT OF NON-EXECUTIVE DIRECTORS’ FEES AND BENEFITS OF UP TO RM2,300,000 FOR THE PERIOD FROM 1 JUNE 2020 TO 30 MAY 2021

“THAT the payment of non-executive Directors’ fees and benefits of up to RM2,300,000 for the period from 1 June 2020 to 30 May 2021 be and is hereby approved.”

ORDINARY RESOLUTION 5
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 (“the Act”) and subject to approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 ten per centum (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 AGM of the Company.”

ORDINARY RESOLUTION 6
PROPOSED 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%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum amount of funds 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 of the Company is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at 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, guidelines requirements and/or orders 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;
- 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 7

PROPOSED RENEWAL OF EXISTING 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 the Shareholders dated 22 May 2020 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; 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.”

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT OF THE CONSTITUTION OF THE COMPANY

“THAT approval be and is hereby given to the existing Constitution of the Company be amended by revising the heading of Article 54 of the Constitution with immediate effect as set out in Part C of the Circular to the Shareholders dated 22 May 2020 AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)

Minutes of Sixty-First (61st) Annual General Meeting held on 23 June 2020

- 17.0** After the poll results were released and announced and there being no other business, the AGM ended at 11.45 a.m. with a vote of thanks to the Chairperson.

Signed as a correct record

CHAIRPERSON

Date:

Annexure

KEY MATTERS RAISED – 61ST ANNUAL GENERAL MEETING

Q1 : Three shareholders had raised concerns that there was no dividend declared in 2019. The shareholders asked when the Company would declare its dividend.

A1 : *The Chairperson replied that the Company had committed to invest approximately RM850 million in upgrading its plant in 2018. Some of the projects were completed but a few projects are still work in progress. The Board was of the view that the Company's current cash flow should be reserved to pay for the capital expenditure to be incurred for the purpose of completion of the projects.*

He mentioned that the Board had also taken into consideration the global oil price reduction, heavy margin squeeze, the recent drop in activities due to the global pandemic and the negative impacts that were currently faced by the oil and gas sector in general before deciding to defer the dividend payment during this challenging period. However, the Company would consider dividend payments in future when the economic situation has improved and the Company is in a better state.

Q2 : A shareholder requested the Board to share the Company's outlook given the current challenging time and the strategies that the Company were considering to handle the recent global and economic events.

A2 : *Chairman Wang thanked the shareholder for the question and replied that he had confidence in HRC as there has been significant improvements in the Company since 2016, particularly in the hedging progress of margin, inventory and foreign exchange. Despite the Covid-19 pandemic, the Company had benefited from long term hedging strategies that were executed since 2018 which protected the Company's margin from eroding and stabilised the Company's cash flow. The Company will continue to tighten up control on costs spending and execute its long-term hedging strategies in order to improve profitability in future.*

Q3 : A shareholder enquired about the factors that had led to the improvement in gross profit margin in 2019.

A3 : *Mr Justin Quek replied that HRC's profit showed an improvement in 2019 despite lower market refining margins at USD2.49 per barrel compared to USD3.44 per barrel in 2018. Margin in 2019 was recorded slightly higher at USD3.32 per barrel compared to USD3.00 per barrel in 2018.*

He clarified that two factors had contributed to the improvement in profit margin:-

- (i) stockholding gains had contributed USD0.75 per barrel in 2019 compared to USD0.13 per barrel in 2018; and*
- (ii) Uplift recognised on the effects of margin swap had contributed USD0.42 per barrel in 2019 compared to USD0.05 per barrel in 2018.*

Mr Justin Quek added that the Company's oil margin and financial performance were set out in the Management Discussion & Analysis section on Page 39 of the 2019 Annual Report.

- Q4 : A number of shareholders had asked why HRC did not provide door gifts in the form of e-vouchers for participants in the AGM which was conducted virtually this year.
- A4 : *The Chairperson replied that HRC's priority was always to safeguard shareholders' interests. However, due to the new and unfamiliar arrangements arising from the Covid-19 pandemic, HRC had to deviate from past practices. HRC would look into this matter in future.*
- Q5 : Shareholder enquired whether HRC would stop or postpone any capex projects in the current Covid-19 period. The shareholder also asked which projects were these and what were the implications in the short to medium and long-term.
- A5 : *The CEO replied that HRC's main capex projects were still in progress but the majority of the small capex projects would be re-evaluated and re-prioritised.*
- Q6 : A shareholder enquired whether the Board was planning to lay off staff and/or cut salaries as HRC was affected by the Movement Control Order arising from the Covid-19 pandemic, in which earnings were expected to be depressed.
- A6 : *The CEO replied that HRC did not have any plans for staff layoffs at the moment, and that the Company would continue to improve its costs management.*