



HENGYUAN REFINING COMPANY BERHAD

196001000259 (3926-U)

DIRECTORS' FIT AND PROPER POLICY

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1. Introduction

Hengyuan Refining Company Berhad ("HRC") or (the "Company") has adopted this Directors' Fit and Proper Policy ("this Policy") to ensure that each of the directors appointed to serve on the Board of Directors ("Board") are fit and proper, for purposes of carrying out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

2. Objective and Purpose

2.1 This Policy serves as a guide for the Company's Board Nominating and Remuneration Committee ("BNRC") and the Board in their review and assessment of potential candidates for appointment as directors, as well as directors who are seeking re-election in the Company.

2.2 The fit and proper criteria shall be applicable at all times and all directors of the Company shall act with the highest standard of integrity and professionalism as well as comply with all relevant legal and regulatory obligations.

2.3 This Policy is to be considered collectively with the Company's Board Diversity Policy, the assessment of the Board's composition, the requirements of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") and other applicable laws and regulations, and any other factors determined by the BNRC and the Board for the appointment and re-election of directors for the Company.

3. Fit and Proper Criteria

In assessing whether a director is fit and proper, the BNRC and Board shall be guided by the following criteria, which is non-exhaustive, and declarations by each individual candidate or director:

3.1 Character and integrity

3.1.1 Probity

- is compliant with legal obligations, regulatory requirements and professional standards.
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.

3.1.2 Personal Integrity

- Has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct. Improper practices may include but is not limited to practices that are corrupt, unethical, immoral, indecent, dishonest, harmful to others, or practices which will attract a negative perception to a person, business or company.
- Has not had any service contract (i.e. in the capacity of management or director) terminated in the past due to concerns on personal integrity.
- Has not used his/her position as political appointee or authority to secure, obtain or enjoy benefits in a manner that contravenes the principles of good governance.

3.1.3 Financial Integrity

- Manages personal debts or financial affairs satisfactorily and with good financial standing.
- Demonstrates the ability to fulfil personal financial obligations as and when they fall due.

3.1.4 Reputation

- Is of good repute in the financial and business community.
- Has not been the subject of civil or criminal proceedings or enforcement action, in relation to managing or governing an entity for the past 10 years.
- Has not been substantially involved in the management of a business or company which has failed (including a GN3 or PN17 company), where that failure has been occasioned in part by deficiencies in that management.

3.2 Experience and Competence

3.2.1 Qualifications, training, skills and knowledge

- Possesses education and qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix).
- Has a considerable understanding on the workings of a corporation.
- Possesses general management skills as well as understanding of corporate governance and sustainability issues.
- Keeps knowledge current based on continuous professional development.
- Possesses leadership capabilities and a high level of emotional intelligence.
- Possesses professionalism.

3.2.2 Relevant experience and expertise

- Possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.

3.2.3 Relevant past performance or track record

- Have had or is currently in a career of a senior management or occupying a high-level position in a comparable organization for at least 5 years.
- Was accountable for driving or leading the organization's governance, business performance or operations.
- Possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

3.3 Time and Commitment

3.3.1 Ability to discharge role having regard to other commitments

- Able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across listed issuers, taking consideration his board attendance records, and non-listed entities (including not-for-profit organisations).

3.3.2 Participation and contribution in the board or track record (applicable for re-election of existing directors only)

- Demonstrates willingness to participate actively in board activities.
- Demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
- Manifests passion in the vocation of a director.
- Exhibits ability to articulate views independently, objectively and constructively.
- Exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.
- Demonstrates ability to work cohesively with other members of the Board.

3.4 For independent directors - meets the requisite criteria of independence set out in Bursa Malaysia Securities Berhad's MMLR.

3.5 Any other criteria that the BNRC and the Board may determine from time to time.

3.6 The Director's Fit and Proper Declaration Form set out in Appendix I (or such other form as the BNRC may determine from time to time) shall be completed by a person who has been identified for appointment as a director or for re-election/re-appointment as a director.

4. Review of Policy

The BNRC shall periodically assess and review the effectiveness of this Policy and its compliance with applicable laws and regulations, as well as the best practices under the Malaysian Code on Corporate Governance, and make recommended changes to the Board (for approval) as it deems fit or necessary.

5. Disclosure

This Policy shall be published on the Company's website at www.hrc.com.my .

APPENDIX I: DIRECTOR'S FIT AND PROPER DECLARATION FORM

I, Name: NRIC/Passport No.:

do hereby solemnly affirm and declare the following:

| No. | Criteria | YES | NO |
|---|--|-----|----|
| Relationships | | | |
| 1. | I have no family relationship with any other Director and/or major shareholder of Hengyuan Refining Company Berhad. | | |
| Probity, Personal Integrity and Reputation | | | |
| 2. | I have not been the subject of any proceedings of a disciplinary or criminal nature, or have been notified of any impending proceedings or of any investigations, which might lead to such proceedings. | | |
| 3. | I have not contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice. | | |
| 4. | I have not contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies. | | |
| 5. | I or any business in which I have a controlling interest or exercise significant influence, have not been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately. | | |
| 6. | I have not been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on my professional conduct. | | |
| 7. | I have not been dismissed, asked to resign or have resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions on my honesty and integrity. | | |
| 8. | I have not been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorization, membership or a license to conduct any trade, business or profession, or has had that registration, authorization, membership or license revoked, withdrawn or terminated. | | |
| 9. | I have not held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while I was connected with that business. | | |

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| 10. | I have not been a director of, or have been directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the license of which has been revoked under any written law. | | |
| 11. | In the past, I have not acted unfairly or dishonestly in my dealings with my customers, employer, auditors and regulatory authorities. | | |
| 12. | I have not at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations. | | |
| 13. | I have not contributed significantly to the failure of an organisation or a business unit. | | |
| 14. | I have not at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices. | | |
| 15. | I am free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of my judgement when acting in the capacity of a Director of Hengyuan Refining Company Berhad and/or Hengyuan Refining Company Berhad, which would be disadvantageous to Hengyuan Refining Company Berhad or Hengyuan Refining Company Berhad's interest. | | |
| 16. | I am not an active politician, nor do I hold any positions as a Member of Parliament, State Assemblyman, or hold any position/office at any level of a political party. | | |
| Time and Commitment | | | |
| 17. | I am and will be able to devote sufficient time and expertise in discharging my duties and responsibilities as a director of Hengyuan Refining Company Berhad, notwithstanding my other outside obligations, including concurrent board positions in other listed or non-listed companies. | | |
| Financial Integrity | | | |
| 18. | I am and will be able to fulfil my financial obligations, whether in Malaysia or elsewhere, as and when they fall due. | | |
| 19. | To my knowledge, I have not been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere. | | |
| 20. | I have not made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction. | | |

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|-----|---|--|--|
| 21. | I have not been suspended payments or compounded with creditors, whether as debtor or guarantor, in or outside Malaysia. | | |
| 22. | I have not been held a position of responsibility in the management of any company which during my tenure has defaulted in payment of any judgement sum against it, or has suspended payment or compounded with its creditors, or has had a receiver or manager appointed in respect of its property. | | |

*Where you have ticked 'NO', please explain and/or provide any relevant documents

| Explanation for items ticked 'NO' | |
|--|--------------------|
| No. | Explanation |
| | |
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| | |
| | |
| | |

Signature:

Name:

Date: