

HENGYUAN REFINING COMPANY BERHAD (3926-U)

(formerly known as Shell Refining Company (Federation of Malaya) Berhad)

ACCEPTANCE OF FINANCING FACILITIES FROM AMBANK (M) BERHAD – LABUAN OFFSHORE BRANCH, CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD AND MAYBANK INTERNATIONAL LABUAN BRANCH

1. INTRODUCTION

Pursuant to Part C of Chapter 9, Paragraph 9.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Hengyuan Refining Company Berhad (“**HRC**” or the “**Company**”) is pleased to announce that it has accepted financing facilities of up to USD430 million (the “**Facilities**”) offered by Ambank (M) Berhad – Labuan Offshore Branch, China Construction Bank (Malaysia) Berhad and Maybank International Labuan Branch (collectively to be known as the “**Banks**”) on 23 January 2018, based on formal agreements executed between the parties.

2. INFORMATION ON THE FACILITIES

- 2.1 The Facilities with the Banks consist of a mix of term loan and revolving credit facilities.
- 2.2 The purpose of the Facilities is to refinance the existing financing of HRC under more competitive terms and to finance the medium term growth and working capital of the Company.

This will allow HRC to proceed with its planned upgrade and maintenance projects for the refinery and better manage its cash and debt.

3. FINANCIAL EFFECTS

3.1 Share Capital

The Facilities will not have any effect on the share capital of the Company and the shareholding of the substantial shareholders of the Company.

3.2 Net Assets

The Facilities will not have any material effect on the net assets of the Company based on its latest audited consolidated balance sheet as at 31 December 2016.

3.3 Earnings

The Facilities will not have any material effect on the earnings of the Company for the financial year ended 31 December 2017.

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3.4 Gearing

As the Facilities will be drawn as and when required for the refinancing of existing loans and for future working capital and capital expenditure purposes, the gearing level will change from time to time. The Board and management of HRC will continue to monitor the gearing level to a commercially acceptable level.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the directors or substantial shareholders of HRC or persons connected with them have any interest, whether direct or indirect, in the Facilities.

5. STATEMENT BY DIRECTORS

The Board of Directors of HRC, having considered the Facilities, is of the opinion that acceptance of the Facilities is in the best interest of the Company.

6. APPROVALS RECEIVED

The Facilities are subject to the approval of Bank Negara Malaysia and this was received by HRC on 22 January 2018.

For and on behalf of the Board

Hengyuan Refining Company Berhad

(formerly known as Shell Refining Company (Federation of Malaya) Berhad)

Lim Tau Kien

Senior Independent Director

23 January 2018