THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

HENG YUAN

HENGYUAN REFINING COMPANY BERHAD
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 300.0 MILLION NEW ORDINARY SHARES IN HENGYUAN REFINING COMPANY BERHAD ("HRC") ("HRC SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 150.0 MILLION FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING HRC SHARE HELD AND ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR AT AN ISSUE PRICE AND ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

AmInvestment Bank

AmInvestment Bank Berhad
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolution in respect of the Proposed Rights Issue with Warrants will be tabled at the Extraordinary General Meeting of our Company ("**EGM**") which will be held physically at Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 September 2025 at 10:00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herein.

You are entitled to attend, participate, speak and vote at the EGM. If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies to do so on your behalf. In such event, you should complete and deposit the enclosed Form of Proxy in accordance with the instructions therein at the office of our Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the EGM or at any adjournment thereof either by hand, post or courier. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so, and in such an event, the Form of Proxy of such member shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy	:	Tuesday, 16 September 2025 at 10:00 a.m.
Date and time of the EGM	:	Thursday, 18 September 2025 at 10:00 a.m. or at any adjournment thereof

This Circular is dated 4 September 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
AmInvestment Bank or Principal Adviser	:	AmInvestment Bank Berhad
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular dated 4 September 2025 in relation to the Proposed Rights Issue with Warrants
Deed Poll	:	Deed poll to be executed by our Company constituting the Warrants
Director(s)	:	Directors of our Company and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
EGM	:	Extraordinary general meeting
Entitled Shareholder(s)	:	Shareholders of our Company whose names appear in the Record of Depositors of our Company as at the close of business on the Entitlement Date, in order to be entitled to participate in the Proposed Rights Issue with Warrants
Entitlement Date	:	A date to be determined by our Board and announced by our Company later, on which the names of the shareholders of our Company must appear in the Record of Depositors of our Company as at 5:00 p.m. in order to be entitled to participate in the Proposed Rights Issue with Warrants
EPS	:	Earnings per Share
Excess Rights Shares	:	Such Rights Shares not taken up or validly taken up by the Entitled Shareholders and/or their renouncee(s)
Exercised Shares	:	New HRC Shares to be issued by our Company upon exercise of the Warrants
FPE	:	Financial period ended
FYE	:	Financial year ended/ending 31 December, as the case may be
HRC or Company	:	Hengyuan Refining Company Berhad
HRC Share(s) or Share(s)	:	Ordinary share(s) in HRC
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LNG	:	Liquefied natural gas
LPD	:	15 August 2025, being the latest practicable date prior to the date of this Circular

LPG	: Liquefied petroleum gas
Maximum Scenario	: Assuming all the Entitled Shareholders and/or their renouncee(s) subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants
Minimum Scenario	: Assuming only MHIL subscribes to the Rights Shares pursuant to the Undertaking and none of the other Entitled Shareholders and/or their renouncee(s) subscribe for their respective entitlements under the Proposed Rights Issue with Warrants
Minimum Subscription Level	: Minimum subscription level to raise a minimum gross proceeds of RM155.0 million
MHIL	: Malaysia Hengyuan International Limited
NA	: Net assets
Official List	: A list specifying all securities listed on Bursa Securities
OPEC+	: Collectively, the Organisation of the Petroleum Exporting Countries and its allies
Price-Fixing Date	: The date to be determined by our Board on which the issue price of the Rights Shares and the exercise price of the Warrants will be fixed, and be announced by our Company. For avoidance of doubt, such date shall be a later date after the receipt of all relevant approvals for the Proposed Rights Issue with Warrants but before announcement of the Entitlement Date
Proposed Rights Issue with Warrants	: Proposed renounceable rights issue of up to 300.0 million Rights Shares together with up to 150.0 million Warrants on the basis of one (1) Rights Share for every one (1) existing HRC Share held and one (1) Warrant for every two (2) Rights Shares subscribed for at an issue price to be determined and announced later and on the Entitlement Date
Public Spread Requirement	: Requirement under Paragraph 8.02(1) of the Listing Requirements which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities
Record of Depositors	: A record of depositors established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
Rights Share(s)	: New HRC Share(s) to be issued by our Company pursuant to the Proposed Rights Issue with Warrants
RM and sen	: Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
TERP	: Theoretical ex-rights price
Undertaking	: Irrevocable and unconditional undertaking by MHIL vide its letter dated 14 July 2025 to undertake to apply and subscribe in full for its Rights Shares entitlement and additional Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of Excess Rights Shares application (where applicable), to the extent such that the aggregate subscription proceeds of the Rights Shares received by our Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including MHIL) amount to no less than RM155.0 million

USD	:	United States Dollar, being the lawful currency of the United States of America
VWAP	:	Volume weighted average market price
Warrant(s)	:	Free detachable warrant(s) to be issued by our Company pursuant to the Proposed Rights Issue with Warrants

References to "**our Company**" in this Circular are to HRC, and references to "**we**", "**us**", "**our**" and "**ourselves**" in this Circular are to our Company. All references to "**you**" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rule, regulation, enactment or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rule, regulation, enactment or rules of stock exchange (as the case may be) currently in force or may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date respectively, unless otherwise specified.

Certain amounts and percentage figures included in this Circular have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular shall not be regarded as a representation of warranty that our Company's plans and objectives will be achieved.

Any exchange rate translations in this Circular are provided solely for your convenience and should not be constituted as representative that the translated amount stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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EXECUTIVE SUMMARY

This Executive Summary highlights the salient information of the Proposed Rights Issue with Warrants. You are advised to read and carefully consider the entire contents of this Circular and the appendices contained herein without relying solely on this Executive Summary before voting on the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at our forthcoming EGM.

Salient information	Description	Reference to Circular
Details of the Proposed Rights Issue with Warrants	The Proposed Rights Issue with Warrants entails the issuance of up to 300.0 million Rights Shares at an issue price to be determined and announced at a later date together with up to 150.0 million Warrants, on the basis of one (1) Rights Share for every one (1) existing HRC Share held and one (1) Warrant for every two (2) Rights Shares subscribed by the Entitled Shareholders. The Warrants are attached to the Rights Shares and will only be issued to the Entitled Shareholders and/or their renouncee(s) who subscribe for the Rights Shares at no charge. The Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis to raise minimum gross proceeds of RM155.00 million. In order to achieve the Minimum Subscription Level, our Company has procured the Undertaking from our major shareholder, namely MHIL, to undertake to apply and subscribe in full for its Rights Shares entitlement and additional Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of Excess Rights Shares application (where applicable), to the extent that the aggregate subscription proceeds of the Rights Shares received by our Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including MHIL) amount to no less than RM155.0 million.	Sections 2 and 2.3
Basis and justification of determining the issue price of the Rights Shares	The issue price of the Rights Shares will be determined by our Board and announced by our Company on the Price-Fixing Date, after taking into consideration, among others, the following: (i) the then prevailing market conditions and market prices of HRC Shares preceding the Price-Fixing Date; (ii) the minimum amount of proceeds to be raised from the Proposed Rights Issue with Warrants; and (iii) the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price-Fixing Date. Our Board intends to fix the issue price of the Rights Shares such that the issue price of the Rights Shares shall be at a discount of between 20.0% and 40.0% to the TERP of HRC Shares immediately preceding the Price-Fixing Date (rounded to the nearest whole sen).	Section 2.1(i)

Salient information	Description	Reference to Circular
Basis and justification of determining the exercise price of the Warrants	The exercise price of the Warrant will also be determined by our Board and announced by our Company on the Price-Fixing Date, after taking into consideration, among others, the following: (i) the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price-Fixing Date; and (ii) historical market prices of HRC Shares. The exercise price of the Warrants is expected to be fixed at the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price-Fixing Date (rounded to the nearest whole sen) or as our Board deems fit.	Section 2.1(ii)
Use of proceeds raised from the Proposed Rights Issue with Warrants	Our Company intends to use the net proceeds raised from the Proposed Rights Issue with Warrants (i.e. after defraying the expenses in relation to the Proposed Rights Issue with Warrants) to strengthen our Company's existing working capital position. This enhanced working capital will be used to finance the purchase of additional barrels of crude oil, which is a key input in the refining and manufacturing of our petroleum products. Any proceeds raised from the exercise of the Warrants in the future shall also be used to fund the future working capital requirements of our Company, which may include purchase of crude oil and refining additives as well as defraying other manufacturing and operating expenses (such as utilities charges, plant maintenance and service charges as well as staff related expenses).	Section 2.5
Rationale for the Proposed Rights Issue with Warrants	Our Board is of the opinion that the Proposed Rights Issue with Warrants is the most appropriate avenue for our Company to raise funds, based on the following rationale: (i) it enables our Company to raise funds without having to incur interest costs or service principal repayments, unlike conventional bank borrowings or the issuance of debt securities. This will allow our Company to conserve our cash reserves and preserve our cash flows for our working capital and operational needs, particularly in light of our Company's ongoing refinery optimisation and maintenance plans; (ii) it involves the issuance of new HRC Shares without diluting our existing shareholders' percentage shareholding in our Company provided that they subscribe in full to their respective entitlements under the Proposed Rights Issue with Warrants; (iii) it provides the Entitled Shareholders with an opportunity to participate further in our Company's prospects and future growth by subscribing to the Rights Shares at a discount to the TERP of HRC Shares; and	Section 3

Salient information	Description	Reference to Circular
	(iv) it will increase the total number of HRC Shares in circulation, thereby strengthening our Company's capital base. This enlarged equity base is expected to improve our Company's gearing and overall financial position, while potentially enhancing the liquidity and marketability of HRC Shares on the Main Market of Bursa Securities. The Warrants attached to the Rights Shares is meant to reward and provide the Entitled Shareholders with an option to further increase their equity participation in our Company by exercising their Warrants at its exercise price during the tenure of the Warrants. The issuance of the Warrants also provides an additional incentive for the Entitled Shareholders to participate in the Proposed Rights Issue with Warrants through the subscription of the Rights Shares. It will also enable our Company to raise further equity funds upon any future exercise of the Warrants, which will further strengthen our capital base. Additionally, as the Warrants will be listed and traded separately from the HRC Shares, this will also provide the Entitled Shareholders with an avenue to monetise the Warrants should they choose to do so.	
Approvals required for the Proposed Rights Issue with Warrants	The Proposed Rights Issue with Warrants is subject to the approvals being obtained from the following: (i) Bursa Securities for the following which was obtained vide its letter dated 18 August 2025: (a) listing and quotation of up to 300.0 million Rights Shares, (b) admission to the Official List and the listing and quotation of up to 150.0 million Warrants; and (c) listing and quotation of up to 150.0 milion Exercised Shares; (ii) shareholders of our Company at our forthcoming EGM; and (iii) any other relevant authorities and/or parties, if required.	Section 7
Directors' statement and recommendation	Our Board having considered all aspects of the Proposed Rights Issue with Warrants, including the rationale and pro forma effects of the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of our Company. Accordingly, our Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at our forthcoming EGM.	Section 10

HENGYUAN REFINING COMPANY BERHAD
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

Registered Office
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

4 September 2025

Board of Directors:
Wang, YouDe *(Chairman / Non-Independent Non-Executive Director)*
Surinderdeep Singh Mohindar Singh *(Independent Non-Executive Director)*
Tai Sook Yee *(Independent Non-Executive Director)*
Li, XiaoXia *(Independent Non-Executive Director)*
Peter Ho Kok Wai *(Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 14 July 2025, AmInvestment Bank had, on behalf of our Board, announced that our Company proposes to undertake the Proposed Rights Issue with Warrants.

On 6 August 2025, AmInvestment Bank had, on behalf of our Board, announced that following further deliberation and taking into consideration the prevailing market conditions, our Board has resolved to refine the discount range for the issue price of the Rights Shares to provide greater pricing clarity for its shareholders. The discount range has been narrowed to between 20.0% and 40.0%, from the previously proposed range of 20.0% and 50.0%, based on the TERP of HRC Shares immediately preceding the Price-Fixing Date (rounded to the nearest whole sen).

Subsequently, Bursa Securities had vide its letter dated 18 August 2025, approved the following:

(i) listing and quotation of up to 300.0 million Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

(ii) admission to the Official List and the listing and quotation of up to 150.0 million Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and

(iii) listing and quotation of up to 150.0 million new HRC Shares to be issued arising from the exercise of the Warrants,

subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED HEREIN.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

As at the LPD, our Company has an issued share capital of RM300.0 million comprising 300.0 million Shares. Our Company does not have any convertible securities in issue and treasury shares.

The Proposed Rights Issue with Warrants entails the issuance of up to 300.0 million Rights Shares at an issue price to be determined and announced at a later date together with up to 150.0 million Warrants, on the basis of one (1) Rights Share for every one (1) existing HRC Share held and one (1) Warrant for every two (2) Rights Shares subscribed by the Entitled Shareholders. The Warrants are attached to the Rights Shares and will only be issued to the Entitled Shareholders and/or their renouncee(s) who subscribe for the Rights Shares at no charge.

The basis of the Proposed Rights Issue with Warrants was arrived at after taking into consideration, among others, the following:

(i) minimum level of funds which our Company intends to raise amounting to RM155.0 million that is to be channelled towards the purposes as set out in Section 2.5 of this Circular; and

(ii) Paragraph 6.50 of the Listing Requirements which states that a listed issuer must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible securities, does not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the convertible securities) at all times.

The Rights Shares and Warrants will be provisionally allotted and issued to the Entitled Shareholders. The Entitlement Date shall be determined by our Board after obtaining all approvals for the Proposed Rights Issue with Warrants.

Each Warrant will entitle its holder to subscribe for one (1) new HRC Share at a pre-determined price (to be determined later) over the tenure of the Warrants. The Warrants will immediately be detached from the Rights Shares upon issuance and will be traded separately on Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll, as may be supplemented from time to time. The indicative salient terms of the Warrants are set out in Section 2.4 of this Circular.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements under the Proposed Rights Issue with Warrants in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. As such, the Entitled Shareholders who renounce all their entitlements for the Rights Shares shall be deemed to have renounced all the accompanying entitlements to the Warrants to be issued together with such Rights Shares. If the Entitled Shareholders accept only part of their entitlements for the Rights Shares, they shall be entitled to the Warrants in proportion to their acceptance of their entitlements for the Rights Shares.

The Rights Shares, together with the accompanying Warrants, which are not taken up or validly taken up, shall be made available for excess applications by the other Entitled Shareholders and/or their renouncee(s). Our Board intends to allocate the Excess Rights Shares with Warrants, if any, in a fair and equitable manner on a basis to be determined by our Board.

Fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and/or dealt with by our Board in such manner as our Board in its absolute discretion deems fit or expedient and in the best interest of our Company.

2.1 Basis and justification of determining the issue price of the Rights Shares and the exercise price of the Warrants

(i) Issue price of the Rights Shares

The issue price of the Rights Shares will be determined by our Board and announced by our Company on the Price-Fixing Date, after taking into consideration, among others, the following:

(a) the then prevailing market conditions and market prices of HRC Shares preceding the Price-Fixing Date;

(b) the minimum amount of proceeds to be raised from the Proposed Rights Issue with Warrants; and

(c) the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price-Fixing Date.

Our Board intends to fix the issue price of the Rights Shares such that the issue price of the Rights Shares shall be at a discount of between 20.0% and 40.0% to the TERP of HRC Shares immediately preceding the Price-Fixing Date (rounded to the nearest whole sen). The discount is intended to provide the Entitled Shareholders with an attractive opportunity to increase their equity participation in our Company on a pro rata basis at a discount to the prevailing market price of HRC Shares and to reward the Entitled Shareholders for their continuous support of our Company.

For illustrative purposes only and taking into account the five (5)-day VWAP of HRC Shares up to and including the LPD of RM1.2802, the illustrative issue price for the Rights Shares for the purpose of this Circular is assumed to be RM0.80 per Rights Share, representing a discount of approximately 23.08% to the TERP of HRC Shares of RM1.0401.

(ii) Exercise price of the Warrants

The exercise price of the Warrants will also be determined by our Board and announced by our Company on the Price-Fixing Date, after taking into consideration, among others, the following:

(a) the TERP of the HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price Fixing Date; and

(b) historical market prices of the HRC Shares.

The exercise price of the Warrants is expected to be fixed at the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price-Fixing Date (rounded to the nearest whole sen) or as our Board deems fit.

For illustrative purposes only, the illustrative exercise price for the Warrants for the purpose of this Circular is assumed at RM1.04 per Warrant, which is the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares up to and including the LPD of RM1.2802 and after rounding to the nearest whole sen.

2.2 Ranking of the Rights Shares and the Exercised Shares

(i) Rights Shares

The Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing HRC Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of the Rights Shares.

(ii) Exercised Shares

The Exercised Shares will, upon allotment and issuance (following full payment of the exercise price of the Warrants), rank equally in all respects with the existing HRC Shares, save and except that the Exercised Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of the Exercised Shares.

2.3 Minimum Subscription Level and Undertaking

Our Board has determined to undertake the Proposed Rights Issue with Warrants on a Minimum Subscription Level basis to raise minimum gross proceeds of RM155.00 million which is to be channelled towards the purposes as set out in Section 2.5 of this Circular.

In order to achieve the Minimum Subscription Level, our Company has procured the Undertaking from our major shareholder, namely MHIL, to undertake to apply and subscribe in full for its Rights Shares entitlement and additional Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of Excess Rights Shares application (where applicable), to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including MHIL) amount to no less than RM155.0 million. For the avoidance of doubt, the subscription of Rights Shares (including Excess Rights Shares, where applicable) by MHIL pursuant to its Undertaking is for an amount of up to RM155.0 million.

For illustrative purposes only, based on the Minimum Scenario and at the illustrative issue price of RM0.80 for each Rights Share, the number of Rights Shares to be subscribed by MHIL pursuant to the Undertaking is as follows:

	Shareholding as at the LPD		**No. of Rights Shares to be subscribed pursuant to the Undertaking**			
Name	**No. of Shares**	**[(1)]%**	**Entitlement**	**Excess**	**Total**	**No. of Warrants entitled**
MHIL	153,069,002	51.02	153,069,002	40,680,998	193,750,000	96,875,000

Note:

(1) Based on the existing number of 300,000,000 HRC Shares as at the LPD.

Based on the above scenario, the pro forma shareholdings of MHIL and the other Entitled Shareholders in our Company are as follows:

	Shareholding as at the LPD		(I) After the Proposed Rights Issue with Warrants		(II) After (I) and assuming full exercise of the Warrants	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
MHIL	153,069,002	51.02	346,819,002	70.24	443,694,002	75.12
Other Entitled Shareholders:						
▪ Non-public	-	-	-	-	-	-
▪ Public	146,930,998	48.98	146,930,998	29.76	146,930,998	24.88
	300,000,000	**100.00**	**493,750,000**	**100.00**	**590,625,000**	**100.00**

However, should the final issue price be higher or lower than RM0.80 per Rights Share as illustrated above, the total number of Rights Shares and Excess Rights Shares to be subscribed by MHIL will be adjusted correspondingly such that our Company will raise minimum gross proceeds of RM155.0 million from the Proposed Rights Issue with Warrants. In this regard, the resultant shareholding of MHIL in our Company upon completion of the Proposed Rights Issue with Warrants will also be adjusted accordingly.

MHIL has confirmed that it has sufficient financial resources to fulfil its commitment under the Undertaking and will make full payment for the Rights Shares upon subscription. AmInvestment Bank has verified that MHIL has sufficient financial resources to fulfil its commitment under the Undertaking.

Further, pursuant to the Undertaking, MHIL has also irrevocably undertaken not to sell or in any way dispose of or transfer its existing interest in our Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date.

Given that the Minimum Subscription Level will be fully satisfied via the Undertaking, there will be no underwriting arrangement for the remaining portion of the Rights Shares for which no undertaking has been obtained.

Pursuant to Paragraph 6.18(4) of the Listing Requirements, where the Minimum Subscription Level is not achieved, the implementation of the Proposed Rights Issue with Warrants must be terminated and all consideration received must be immediately returned to all subscribers. As such, if the Minimum Subscription Level is not achieved for any reason whatsoever, our Company will not proceed with the implementation of the Proposed Rights Issue with Warrants. All subscription monies received pursuant to the Proposed Rights Issue with Warrants will be returned without interest as soon as practicable to the Entitled Shareholders and/or their renouncee(s) who have subscribed for the Rights Shares.

Mandatory take-over offer obligation implication

Given that MHIL's shareholding in our Company stands at 51.02% as at the LPD, the Undertaking will not give rise to any mandatory take-over offer obligation under the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisition immediately after the completion of the Proposed Rights Issue with Warrants.

Public shareholding spread

As illustrated above, the Undertaking is not expected to result in any breach in the Public Spread Requirement by our Company upon completion of the Proposed Rights Issue with Warrants. However, assuming full exercise of the Warrants by MHIL under the Minimum Scenario, our Company will not be in compliance with the Public Spread Requirement. In view of the foregoing, our Company has obtained written irrevocable undertaking dated 3 September 2025 from MHIL that it shall not exercise any of its Warrants after the completion of the Proposed Rights Issue with Warrants if the exercise of such number of Warrants will result in our Company not being able to comply with the Public Spread Requirement.

In addition to the above, our Company will also monitor the public shareholding spread of our Company to ensure that any exercise of the Warrants by MHIL will comply with the Public Spread Requirement.

Notwithstanding the above, our Company, whilst issuing the Warrants, shall observe the provision that the listing of Warrants must have at least 100 Warrants holders holding not less than one (1) board lot of Warrants each pursuant to Paragraph 6.51 of the Listing Requirements.

2.4 Indicative salient terms of the Warrants

The indicative salient terms of the Warrants attached to the Rights Shares are as follows:

Issuer	:	HRC
Issue size	:	Up to 150.0 million Warrants
Detachability	:	The Warrants are immediately detachable upon issuance and allotment of the Rights Shares. The Warrants will be traded separately
Form and denomination	:	The Warrants will be issued in registered form and constituted by a Deed Poll
Tenure	:	Five (5) years commencing from and inclusive of the date of issuance of the Warrants ("**Issue Date**")
Exercise Period	:	The Warrants may be exercised at any time commencing on and including the Issue Date and ending at 5:00 p.m. on the market day immediately preceding the 5th anniversary of the Issue Date. If such day falls on a day which is not a market day, then it shall be the market day immediately preceding the said non-market day. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	:	The exercise price of the Warrants will be determined by our Board on the Price-Fixing Date and is expected to be fixed at the TERP of HRC Shares based on the five (5)-day VWAP of HRC Shares immediately preceding the Price-Fixing Date (rounded to the nearest whole sen) or as our Board deems fit
Exercise rights	:	Each Warrant entitles the registered holder of the Warrant ("**Warrant Holder**") to subscribe for one (1) new HRC Share at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll

Mode of exercise	:	The Warrant Holders must complete and sign the subscription form (which shall be irrevocable) and deliver the duly completed, signed and stamped subscription form together with payment of the Exercise Price to our Company's share registrar in accordance with the terms and provisions of the Deed Poll
Adjustments in the Exercise Price and/or number of Warrants	:	The Exercise Price and/or number of unexercised Warrants in issue may be subject to adjustments by our Board in consultation with an approved adviser appointed by our Company or the auditors in the event of any alteration in the share capital of our Company at any time during the tenure of the Warrants, whether by way of, among others, rights issue, bonus issue, consolidation of shares or subdivision of shares, in accordance with the provisions of the Deed Poll
Ranking of new HRC Shares to be issued arising from the exercise of the Warrants	:	The Exercised Shares will, upon allotment and issuance (following full payment of the Exercise Price), rank equally in all respects with the existing HRC Shares, save and except that the Exercised Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of the Exercised Shares
Rights of the Warrant Holders	:	The Warrant Holders will not be entitled to any voting rights in any general meeting of our Company or to participate in any form of distribution and/or offer of securities in our Company until and unless such Warrant Holders exercise their Warrants into new HRC Shares in accordance with the provisions of the Deed Poll and such new HRC Shares have been allotted and issued to such holders
Rights in the event of winding-up, compromise or arrangement	:	If a resolution is passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction or the amalgamation of our Company with one or more companies, then: (i) for the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant Holders, or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant Holders; or (ii) every Warrant Holder shall be entitled (upon and subject to the conditions in the Deed Poll) at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or six (6) weeks after the granting of the court order approving the compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation), by the irrevocable surrender of his/its Warrants to our Company, elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement exercised the exercise rights represented by such Warrants to the extent specified in the subscription form(s) and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. Upon the expiry of the

		above six (6) weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose
Modification of rights of the Warrant holders	:	Our Company may, from time to time, without the consent or sanction of the Warrant Holders but in accordance with the provisions of the Deed Poll, modify the Deed Poll (including the terms and conditions of the Warrants, as well as the form and content of the Warrant certificate), if such modification made does not materially prejudice the interest of the Warrant Holders or is made to correct a manifest error or to comply with prevailing laws of Malaysia, Rules of Bursa Depository, Securities Industry (Central Depositories) Act 1991 and/or the Listing Requirements. Subject to the above and the approval of any relevant authority, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll (including the form and content of the Warrant certificate) proposed or agreed to by our Company must be sanctioned by special resolution of the Warrant Holders and comply with the requirements of the Deed Poll
Transferability	:	The Warrants shall be transferable in accordance with provisions of the Deed Poll subject always to the prevailing provisions of the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Depository
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 Warrants carrying the right to subscribe for 100 new HRC Shares at any time during the Exercise Period, or such other denomination as may be varied from time to time by Bursa Securities and/or any relevant authorities
Listing status	:	The Warrants will be listed and quoted on the Main Market of Bursa Securities
Governing law	:	The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia

2.5 Use of proceeds

Based on the indicative issue price of RM0.80 per Rights Share, the proceeds to be raised from the Proposed Rights Issue with Warrants are intended to be used in the following manner:

Description of use of proceeds	**Notes**	**Minimum Scenario**		**Maximum Scenario**		**Timeframe for utilisation***
		(RM'000)	**(%)**	**(RM'000)**	**(%)**	
General working capital	(i)	153,450	99.00	238,450	99.35	Within 12 months
Estimated expenses in relation to the Proposed Rights Issue with Warrants	(ii)	1,550	1.00	1,550	0.65	Within two (2) months
Total estimated proceeds		**155,000**	**100.00**	**240,000**	**100.00**	

Notes:

* *From the date of completion of the Proposed Rights Issue with Warrants.*

(i) *Our Company is principally engaged in refining and manufacturing of petroleum products. This entails refining crude oil into various cracked products such as diesel (gasoil), petrol (mogas), jet fuel (Jet A1), LPG, fuel oil components, sulphur and chemical feedstocks (such as light naphtha and propylene). Hence, feedstocks (particularly crude oil) are the main raw materials used in our Company's business representing close to 99% of our cost of sales. For information, our Company has a licensed capacity to deliver up to 156,000 barrels per day of cracked products and our existing plant can produce up to 135,000 barrels per day. In 2024, our Company produced a total of 39.8 million barrels of refined products using 36.8 million barrels of crude oil as feedstock. During the year, the price of crude oil (Brent) ranged between USD70 to USD90 per barrel, and the total cost of feedstock amounted to approximately RM16.86 billion, representing approximately 99% of our cost of sales.*

In this regard, after defraying the expenses in relation to the Proposed Rights Issue with Warrants, our Company intends to use the proceeds raised from the Proposed Rights Issue with Warrants to strengthen our Company's existing working capital position. Under the Minimum Scenario and Maximum Scenario, our Company expects to raise net proceeds of approximately USD36.41 million[#] (equivalent to approximately RM153.45 million) and USD56.58 million[#] (equivalent to approximately RM238.45 million) respectively. The net proceeds will be used to finance the purchase of an estimated 467,814 barrels and 726,969 barrels of crude oil, respectively, based on an assumed crude oil price of USD77.83 per barrel (being the average crude oil (Brent) price for the FYE 2024).

Based on BNM's exchange rate of USD1 : RM4.2145, being the middle rate published on BNM's website as at the LPD.

(ii) *The expenses in relation to the Proposed Rights Issue with Warrants are estimated to be about RM1.55 million, the details of which are as follows:*

Purpose	***RM'000***
*Estimated professional fees**	*1,275*
Estimated fees payable to authorities	*144*
Estimated expenses for convening EGM, printing and advertising expenses as well as other incidental expenses relating to the Proposed Rights Issue with Warrants	*131*
Total	***1,550***

* *The estimated professional fees relate to services rendered by, among others, the Principal Adviser, solicitors and share registrar in connection with the Proposed Rights Issue with Warrants.*

Any surplus or shortfall in the funds allocated for expenses relating to the Proposed Rights Issue with Warrants against the actual expenses incurred will be adjusted against the amount allocated for general working capital purposes, i.e. for the purchase of additional barrels of crude oil.

The total proceeds to be raised from the Proposed Rights Issue with Warrants will depend on the final issue price of the Right Shares and actual subscription of the Proposed Rights Issue with Warrants. Any difference in the actual total proceeds raised versus the above illustrative amount of proceeds to be raised will be deducted from or used as part of our Company's general working capital requirements. In any event, as explained above, the Proposed Rights Issue with Warrants will raise minimum gross proceeds of RM155.0 million pursuant to the Minimum Subscription Level.

The exact quantum of proceeds that may be raised by our Company from the exercise of the Warrants would depend on the exercise price of the Warrants, the actual subscription of the Proposed Rights Issue with Warrants and the actual number of Warrants exercised during the tenure of the Warrants. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Based on the illustrative exercise price of the Warrants of RM1.04, the full exercise of the Warrants will raise RM100.75 million under the Minimum Scenario and RM156.00 million under the Maximum Scenario. Any proceeds raised from the exercise of the Warrants in the future shall be used to fund the future working capital requirements of our Company, which may include purchase of crude oil and refining additives as well as defraying other manufacturing and operating expenses (such as utilities charges, plant maintenance and service charges as well as staff related expenses). The exact details of the use of such proceeds, including the breakdown of the utilisation cannot be determined at this juncture.

Pending the use of proceeds to be raised from the Proposed Rights Issue of Warrants for the purposes as set out above, such proceeds will be placed in deposits with licensed bank(s)/ financial institution(s) and/or short-term money market instrument(s), as our Board may deem fit. Any profit derived from such deposit(s) and/or any gain arising from such market instrument(s) will be used to fund the working capital requirements of our Company.

3. RATIONALE FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS

After due consideration of the various funding options available to our Company as well as our Company's capital structure, our Board is of the opinion that the Proposed Rights Issue with Warrants is the most appropriate avenue for our Company to raise funds, based on the following rationale:

(i) it enables our Company to raise funds without having to incur interest costs or service principal repayments, unlike conventional bank borrowings or the issuance of debt securities. This will allow our Company to conserve our cash reserves and preserve our cash flows for our working capital and operational needs, particularly in light of our Company's ongoing refinery optimisation and maintenance plans;

(ii) it involves the issuance of new HRC Shares without diluting our existing shareholders' percentage shareholding in our Company provided that they subscribe in full to their respective entitlements under the Proposed Rights Issue with Warrants;

(iii) it provides the Entitled Shareholders with an opportunity to participate further in our Company's prospects and future growth by subscribing to the Rights Shares at a discount to the TERP of HRC Shares; and

(iv) it will increase the total number of HRC Shares in circulation, thereby strengthening our Company's capital base. This enlarged equity base is expected to improve our Company's gearing and overall financial position, while potentially enhancing the liquidity and marketability of HRC Shares on the Main Market of Bursa Securities.

In addition, the Warrants, which are issued at no additional cost together with the Rights Shares, serve as a form of reward to the Entitled Shareholders. These Warrants grant the holders an option to further increase their equity participation in our Company by exercising their Warrants at its exercise price during the tenure of the Warrants. In addition, the issuance of the Warrants also provides an additional incentive for the Entitled Shareholders to participate in the Proposed Rights Issue with Warrants through the subscription of the Rights Shares. It will also enable our Company to raise further equity funds upon any future exercise of the Warrants, which will further strengthen our capital base. Additionally, as the Warrants will be listed and traded separately from the HRC Shares, this will also provide the Entitled Shareholders with an avenue to monetise the Warrants should they choose to do so.

Our Board has also considered the following factors before embarking on the Proposed Rights Issue with Warrants:

(a) Steps taken/to be taken to address our Company's financial concerns

In the past three (3) financial years since 2022, the financial performance of our Company has been significantly affected by fluctuating global market prices for crude oil and refined petroleum products. These fluctuations were further exacerbated by the impact of the COVID-19 pandemic (particularly in 2021 and early 2022), global geopolitical tensions, and crude oil production output cuts by the OPEC+. The global geopolitical tensions included the protracted Russia-Ukraine conflict since early 2022, heightened instability across the broader Middle East region (notably the Red Sea shipping crisis that forced numerous vessels to reroute around Southern Africa), the tightening of international sanctions on Russia and various other global economic uncertainties, had significantly disrupted crude oil supply chains up until early 2024.

Beyond these external market forces, our Company's financial performance was also impacted by internal operational factors, including several plant production downtimes and scheduled maintenance exercises as follows:

- scheduled maintenance conducted from December 2022 to early 2023 in response to the significant energy supply disruption in July 2022, which affected multiple areas in Peninsular Malaysia;

- major turnaround exercise carried out in July and August 2023, which necessitated a full temporary shutdown of the refinery plant to allow for a comprehensive maintenance, inspections, repairs and upgrades to the production units and equipment to ensure fully functional plant and equipment for smooth operation and also compliance with safety requirements for workers and authorities; and

- unplanned downtime in June 2024 due to a leakage at the carbon monoxide boiler of the long residue catalytic cracking unit (LRCCU), requiring immediate rectification to contain and mitigate impacts for safety, operation efficiency and product output.

Furthermore, our Company's financial results were also materially impacted by losses arising from the long-hedging position established in prior years. For information, our Company had implemented long-term hedging strategies through refining margin swaps contracts, aimed at mitigating exposure to fluctuations in refining margin (i.e. differences between purchase price of crude oil and selling price of refined petroleum products). These hedging strategies and positions taken by our Company were effective and protected our profitability since FYE 2018 and during the COVID-19 pandemic until the conflict began between Russia and Ukraine. Following the outbreak of the Russia-Ukraine war, these hedging positions – originally designed to protect our profitability – were disrupted by the sudden and unfavourable shift in market conditions, undermining the effectiveness of these hedging positions. As a result, between 2022 until the first half of 2024, when the long-hedging position was fully unwound and closed out, our Company incurred significant mark-to-market and realised losses from these hedging positions, particularly during periods of heightened price volatility or unexpected market reversals.

For further information on our Company's financial performance for the last four (4) FYEs up to the FYE 2024 and for the six (6)-month FPE 30 June 2025, please refer to **Appendix I** of this Circular.

Despite these challenges, our Company remains focused on enhancing operational efficiencies, improving margins, and reinforcing long-term financial sustainability. Our Company has taken the following steps and will continue to take such steps, as may be relevant, to improve our financial condition:

(aa) **re-strategising our hedging policy** by shifting towards shorter-term hedging positions. This approach allows for greater flexibility and responsiveness to rapid changes in global crude oil prices. This is expected to reduce our Company's exposure to the volatile global crude oil price movements and to avoid or reduce potential loss-making position from the past hedging activities;

(bb) **scheduled maintenance and upgrading works on our refining plant and other critical equipment**, which serves as pre-emptive measure to reduce future operational issues and ensure reliable, sustainable and efficient operation of our plant and equipment. Our Company has also undertaken several other business improvement initiatives within our refining operations aimed at enhancing overall production performance and cost efficiency. These initiatives are expected to increase the refinery's intake and output capacity, improve the plant's yield of high-value products and optimise operational efficiency that are expected to reduce operating expenses. Such key areas of focus include:

- *production yield improvement*: implementation of advanced process control systems to reduce Euro 4 Mogas (U95) sulphur giveaway, thereby minimising Research Octane Number (Ron) loss and improving fuel quality consistency;
- *energy efficiency enhancements*: upgrading the conversion of natural gas to fuel gas through bypass valve improvements, increasing the capacity of mixed bed systems to reduce both water and chemical consumption, and integrating natural gas and fuel gas systems to reduce LPG (propane) vaporisation losses; and
- *cost reduction measures*: installation of a dedicated berthing facility for Mogas at Berth 3 Jetty to reduce demurrage costs associated with vessel handling;

(cc) **focus on production of higher-margin products**, a continuation of our strategic efforts taken since 2024, leading to the successful optimisation of gasoil (i.e. diesel) output.This key initiative involved the upgrade of cracked, low-value cycle oil into high value Euro 5 gasoil, which contributed to increased revenue and earnings. These gasoil maximisation strategies were fully realised within our Company's existing plant capabilities via the implementation of advanced process control and automation technologies in our hydro-processing units, enabling more efficient operations and product quality enhancement without requiring major capital investment;

(dd) **diversify products and customer base** to reduce reliance on a concentrated customer base. Our Company has expanded our market reach by entering into several new sales and supply agreements with PETRONAS, Petron and Five, with a combined value exceeding RM186 million in the FYE 2024. These strategic moves are expected to enhance our Company's ability to monetise our product mix more effectively and strengthen our position in regional markets; and (ee) **cost rationalisation exercises** undertaken which include the following:

- stringent controls implemented in the crude oil discharge process, which directly led to substantial reduction in both demurrage charges and oil losses;

- enhanced foreign exchange hedging strategy with a clear defined policy and monitoring mechanism that closely track and monitor foreign currency fluctuations, with the objective of optimising RM-equivalent savings in crude procurement costs;

- comprehensive reviews of our business contracts and increasing the use of tender arrangements instead of direct negotiation with limited number of suppliers to achieve more favourable terms for our Company which resulted in an overall saving to our Company of approximately RM45 million in procurement cost in the FYE 2024; and

- detailed business performance review of our existing suppliers to accurately assess the quality of goods and services rendered and to then determine which should be retained and where sourcing for alternatives would be strategically beneficial to our Company.

(b) Adequacy of proceeds raised from the Proposed Rights Issue with Warrants

While our Company continues to improve our financial performance, our Company proposes to undertake the Proposed Rights Issue with Warrants as an interim fund-raising measure to strengthen our short-to-medium term working capital position. Our Board is of the view that the immediate proceeds to be raised from the Proposed Rights Issue with Warrants are adequate to meet our Company's financial requirements over the short-to-medium term. The Proposed Rights Issue with Warrants is also expected to enhance our Company's capital base to better reflect the scale of our operations. For information, as at 31 December 2024, our Company has total assets of approximately RM3.8 billion, underpinned by a comparatively modest share capital base of RM300.0 million.

Notwithstanding this fund-raising exercise, our Company will continue to evaluate our operational and financial positions on an ongoing basis and will take appropriate steps to ensure long-term sustainability and valuation creation for our stakeholders.

For information purpose, our Company has not undertaken any equity fund raising exercise in the past five (5) years preceding the date of this Circular.

(c) Value expected to be created from the Proposed Rights Issue with Warrants to our Company and the shareholders of our Company as well as the impact of the Proposed Rights Issue with Warrants

Our Board recognises that the Proposed Rights Issue with Warrants is not expected to result in an immediate turnaround of our Company's financial performance. However, the Proposed Rights Issue with Warrants is expected to ease our Company's cash flow constraints and strengthen our short-to-medium term working capital requirements without incurring additional interest expenses or repayment obligations that could otherwise further weaken our Company's financial performance.

The proceeds from the Proposed Rights Issue with Warrants are also critical to enable our Company to ensure consistent sufficient crude intake. Crude supply stability is essential for optimal refinery utilisation and operating efficiency, as lower or inconsistent intake volumes tend to result in higher per-barrel production costs due to suboptimal capacity use and fixed-cost absorption. By maintaining adequate feedstock levels, our Company can achieve a more efficient production cost structure per barrel, which in turn will support margin recovery and improve overall competitiveness in a volatile market.

The Proposed Rights Issue with Warrants is also expected to strengthen our Company's equity capital base, thereby enhancing our financial flexibility and credit profile to support our future financing needs.

In addition, the Proposed Rights Issue with Warrants provides the Entitled Shareholders with an opportunity to participate in our Company's prospects and long-term future growth by subscribing to the Rights Shares at a discount to the TERP of HRC Shares. It also allows them to further increase their equity participation in our Company by exercising their Warrants at a predetermined price during the tenure of the Warrants. There is no dilution to the percentage shareholding of the Entitled Shareholders in our Company provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants.

However, in the event none of the Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue with Warrants, save for MHIL based on its Undertaking, the shareholdings of the other Entitled Shareholders (excluding MHIL) in our Company will be diluted, and MHIL's shareholding in our Company will correspondingly increase. Further information on the pro forma effects of the Proposed Rights Issue with Warrants on the shareholding of MHIL in our Company is set out in Section 5.2 of this Circular.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.4% in the second quarter ("**2Q**") of 2025 (first quarter ("**1Q**") 2025: 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. Of significance, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower commodities-related exports. This was partially offset by continued electrical and electronics (E&E) exports and robust tourism activity. At the same time, import growth was higher, driven by strong demand for capital goods, reflecting higher investment activities.

On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and government services. Steady growth in domestic-oriented clusters underpinned the performance in the manufacturing sector. Overall growth was weighed down by a contraction in the mining sector amid lower commodities production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).

Headline inflation moderated to 1.3%, while core inflation remained stable at 1.8% (1Q 2025: 1.5% and 1.8%, respectively). The moderation was largely due to lower prices for fuel such as RON97 petrol and diesel (-0.6%; 1Q 2025: 0.3%) and slower price increases for food-related items (2.2%; 1Q 2025: 2.5%), particularly fresh food and food away from home. This was partly offset by a slower price decline for mobile communication services, averaging at -12.1% (1Q 2025: -13.5%). Inflation pervasiveness, measured by the share of Consumer Price Index (CPI) items recording monthly price increases, experienced a slight decline amid softer global commodity prices (41.8%; 1Q 2025: 43.3%). Nonetheless, it remained broadly in line with the long-term average for the second quarter (2Q 2011-2019: 43.9%).

In 2Q 2025, the ringgit's nominal effective exchange rate (NEER) appreciated by 1.5% against the currencies of Malaysia's major trading partners. The ringgit also strengthened by 5.1% against the USD, primarily driven by broad USD weakness. This was driven by expectations of more subdued US economic growth, rising uncertainties over US trade policies and growing concerns over US fiscal sustainability. Furthermore, the ongoing coordinated efforts by the Malaysian Government and BNM, which include proactive engagements with corporates and investors, have encouraged healthy two-way flows in the domestic foreign exchange market observed during the quarter.

The ringgit exchange rate will continue to be influenced by external factors. Notwithstanding, Malaysia's favourable economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage flows, will continue to provide support to the ringgit. BNM remains committed to ensuring the orderly functioning of the domestic foreign exchange market.

The external environment remains challenging. Uncertainty surrounding tariffs continues to linger and the impact will take time to fully materialise. Nonetheless, Malaysia is facing these challenges from a position of strength. Malaysian economy remains on solid footing, supported by resilient domestic demand, continued demand for E&E goods, and a diversified export structure. These fundamentals, alongside continued structural reforms, ensure that Malaysia is well-positioned to navigate the evolving global landscape.

Notwithstanding the external risks, economic growth is firmly supported by resilient domestic demand, serving as a buffer against global headwinds. Employment and wage growth within domestic-oriented sectors and income-related policy measures will continue to support household spending. The expansion in investment activity will be sustained by several factors. This includes the progress of infrastructure projects, continued high realisation of approved private investments and implementation of national master plans. Malaysia's export prospects could be raised by favourable outcomes from remaining trade negotiations, pro-growth policies in major economies, and robust tourism activity. The steady rollout of structural reforms, such as the implementation of announced national master plans and fiscal reform measures, is critical to boost resilience against future shocks.

Headline inflation is projected to remain moderate, averaging 1.5% – 2.3% in 2025. Notably, the headline inflation forecast range for the year was revised lower following the more moderate demand and cost outlook since the earlier projections in March 2025. Inflationary pressure from global commodity prices is expected to remain limited, contributing to moderate domestic cost conditions. In this environment, the impact of domestic policy measures on inflation is expected to remain contained.

(Source: Press Release for the Economic and Financial Developments in Malaysia in the 2Q 2025, BNM dated 15 August 2025)

4.2 Overview and outlook of the oil and gas industry in Malaysia

The production of crude oil and condensate recorded a stable volume of 45.5 million barrels, reflecting the resilience of the upstream sector in navigating market uncertainties during 1Q 2025. The crude oil and condensate production recorded 45.5 million barrels in 1Q 2025, registering a marginal negative growth of 5.2% year-on-year (fourth quarter ("**4Q**") 2024: -7.3%; 45.7 million barrels). This was supported by an improvement in production of crude oil, which showed signs of recovery with a smaller contraction of negative 6.5% compared to negative 9.3% in the previous quarter. Meanwhile, condensate production also recorded growth, but remained within the negative range at 2.4% compared to negative 2.5% in the previous period. However, natural gas production shrank by 2.2% year-on-year compared to 3.1% in the previous quarter with a total production of 781.9 billion cubic feet compared to 792.8 billion cubic feet in 4Q 2024. The Weighted Average Lifting Price (WALP) for crude oil and condensate in Malaysia rose to USD76.4 per barrel in 1Q 2025, compared to USD76.3 per barrel in the previous quarter. This price increased in line with the prices of West Texas Intermediate (WTI) and Brent, which recorded USD71.8 per barrel (4Q 2024: USD70.7 per barrel) and USD75.8 per barrel (4Q 2024: USD74.6 per barrel), respectively.

The export value of crude petroleum and condensate amounted to RM6.2 billion, an increase compared to RM6.0 billion in the previous quarter. Thailand led the exports of crude petroleum and condensate with RM1.9 billion or 30.9% of total exports, followed by Australia (26.1%) and Japan (11.4%). Meanwhile, the export value of refined petroleum products declined to RM24.3 billion in 1Q 2025 compared to RM26.5 billion in the previous quarter. Singapore remained the main recipient of refined petroleum product exports, totalling RM6.9 billion or 28.3%, followed by Indonesia (21.4%) and Australia (15.5%). The export value of LNG also recorded a decrease to RM15.5 billion in 1Q 2025 compared to RM16.7 billion in 4Q 2024, with 46.0% exported to Japan, followed by Republic of Korea (24.3%) and China (20.1%). The import value of crude petroleum and condensate declined to RM13.6 billion in 1Q 2025, compared to RM15.1 billion recorded in 4Q 2024. Saudi Arabia remained the dominant source country for crude petroleum and condensate imports, accounting for 52.7% in Q1 2025, followed by the United Arab Emirates (15.2%) and Sudan (6.0%). The import value of refined petroleum products stood at RM23.2 billion, lower than RM25.4 billion recorded in the previous quarter, with Singapore remaining the largest contributor (42.5%), followed by the Republic of Korea (11.9%) and India (8.1%). LNG imports also recorded a decline to RM1.9 billion (4Q 2024: RM2.2 billion), with the entire amount imported from Australia.

(Source: Mining of Petroleum and Natural Gas Statistics, 1Q 2025, Department of Statistics Malaysia)

4.3 Prospects of our Company

In FYE 2024, our Company recorded revenue of approximately RM17.21 billion, representing an increase of approximately RM1.81 billion or 12% as compared to revenue of approximately RM15.40 billion in FYE 2023. The increase was primarily driven by the gradual normalisation of the plant's production and yield following the successful completion of the major turnaround exercise in 2023. The major turnaround exercise involved a full temporary shutdown of the refinery plant in order to carry out comprehensive maintenance, inspections, repairs and upgrades to the production units and equipment. However, the increase in revenue was partially offset by the weaker average product market prices and the adverse impact of the weakening USD against the RM as compared to the prior year.

Despite the improvement in revenue, the years 2024 and 2025 continued to present significant challenges for our Company. The downstream refining segment which our Company is involved in, faced persistent headwinds stemming from volatile crude oil market prices and declining crack spreads (i.e. spread between crude oil and refined product prices), which negatively impacted refining margins and profitability. Our financial performance also continued to be affected by unfavourable stockholding positions and the depreciation of the USD against the RM. In addition, the rising demand for non-refined fuels, such as LNG and biofuels, further undermines the demand for refined petroleum products. This placed pressure on operating rates and overall profitability for most refiners, especially in mature demand centres such as our Company.

To navigate these challenges, our Company adopted a multi-pronged strategic approach. The first was through enhancing our hedging strategy to improve resilience against crude oil price fluctuations. This approach was notably effective, especially in the second half of 2024 as our Company successfully reduced our exposure to market volatility and established more defensive positions to protect our future margins.

Diversification activities were also undertaken to expand our customer base and diversify our revenue streams. In 2024, several new sales and supply contracts were secured for refined products with PETRONAS, Petron and Five. These contracts enable revenue diversification through the supply of refined products at higher price points. Our Company also continued our strategic overseas sales, with the sale of propylene gas to Indonesia. Revenue generation aside, customer diversification also enhanced pricing flexibility and margin optimisation opportunities.

Our Company's refined products are distributed to customers through multiple delivery channels, including the multiproduct pipeline and truck loading gantry for customers in West Malaysia, as well as via maritime vessels through jetty for deliveries to East Malaysia and overseas markets. As part of our strategic focus, our Company has actively pursued an increased share of pipeline and gantry-based sales, as opposed to sales by vessel via jetty and maritime vessels. This shift provides higher margins associated with pipeline and gantry-based transactions and support a lower Scope 3 emissions profile due to reduced reliance on maritime transportation. Pipeline and gantry-based sales is also consistent with our Company's business objectives to grow our domestic market share. Currently, more than 80% of our Company's refined products are sold within Malaysia, with the remaining portion exported across Southeast Asia.

Taking these operational improvements and the outlook of the industry in which our Company operates, our Company believes that our strategic initiatives will improve the financial performance of our Company in the near term.

(Source: Management of our Company)

5. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

5.1 Issued share capital

The pro forma effects of the Proposed Rights Issue with Warrants on the issued share capital of our Company are as follows:

	Minimum Scenario		**Maximum Scenario**	
	No. of Shares	**RM'000**	**No. of Shares**	**RM'000**
As at the LPD	300,000,000	300,000	300,000,000	300,000
No. of Rights Shares to be issued	193,750,000	(1)108,858	300,000,000	(1)169,405
	493,750,000	**408,858**	**600,000,000**	**469,405**
No. of new Shares to be issued arising from full exercise of the Warrants	96,875,000	(2)145,342	150,000,000	(2)225,045
Enlarged issued share capital	**590,625,000**	**554,200**	**750,000,000**	**694,450**

Notes:

(1) Based on the illustrative issue price of RM0.80 per Rights Share and after accounting for the creation of warrants reserve and deducting the estimated expenses relating to the Proposed Rights Issue with Warrants of RM1.55 million.

(2) Based on the illustrative exercise price of RM1.04 per Warrant and after accounting for the reversal of warrants reserve.

5.2 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders of our Company based on the Register of Substantial Shareholders of our Company as at the LPD are as follows:

<u>Minimum Scenario</u>

	As at the LPD				(I) After the Proposed Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
MHIL	153,069,002	51.02	-	-	346,819,002	70.24	-	-	*443,694,002	*75.12	-	-
Heng Yuan Holdings Limited ("**HYHL**")	-	-	(1)153,069,002	51.02	-	-	(1)346,819,002	70.24	-	-	(1)*443,694,002	*75.12
Shandong Hengyuan Petrochemical Company Limited ("**SHPCL**")	-	-	(2)153,069,002	51.02	-	-	(2)346,819,002	70.24	-	-	(2)*443,694,002	*75.12

<u>Maximum Scenario</u>

	As at the LPD				(I) After the Proposed Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
MHIL	153,069,002	51.02	-	-	306,138,004	51.02	-	-	382,672,505	51.02	-	-
HYHL	-	-	(1)153,069,002	51.02	-	-	(1)306,138,004	51.02	-		(1)382,672,505	51.02
SHPCL	-	-	(2)153,069,002	51.02	-	-	(2)306,138,004	51.02	-		(2)382,672,505	51.02

Notes:

* *MHIL has provided its written irrevocable undertaking not to exercise any of its Warrants after the completion of the Proposed Rights Issue with Warrants if the exercise of such number of Warrants will result in our Company not being able to comply with the Public Spread Requirement.*

(1) Deemed interested by virtue of its interest in MHIL pursuant to Section 8(4) of the Act.

(2) SHPCL, being the holding company of HYHL, is deemed interested in our Company by virtue of its 100% equity interest in HYHL, which in turn is the holding company of MHIL pursuant to Section 8(4) of the Act. SHPCL is regarded as a state-owned enterprise (SOE) of the People's Republic of China.

5.3 NA per Share and gearing

For illustrative purposes only, based on the latest audited statement of financial position of our Company as at 31 December 2024 and assuming that the Proposed Rights Issue with Warrants had been effected on that date, the pro forma effects of the Proposed Rights Issue with Warrants on the audited NA per Share and gearing of our Company are as follows:

<u>Minimum Scenario</u>

		(I)	**(II)**
	Audited as at 31 December 2024	**After the Proposed Rights Issue with Warrants**	**After (I) and assuming full exercise of the Warrants**
	(RM'000)	**(RM'000)**	**(RM'000)**
Share capital	300,000	(4)408,858	(6)554,200
Retained earnings	986,828	986,828	986,828
Cash flow hedge reserve	(161)	(161)	(161)
Cost of hedging reserve	(7,602)	(7,602)	(7,602)
Translation reserve	(128,888)	(128,888)	(128,888)
Warrants reserve	-	(5)44,592	(6)-
Total equity attributable to owners of our Company/NA	**1,150,177**	**1,303,627**	**1,404,377**
No. of HRC Shares in issue ('000)	300,000	493,750	590,625
NA per Share (RM)(1)	3.83	2.64	2.38
Total borrowings (excluding lease liabilities)	1,433,741	1,433,741	1,433,741
Cash and cash equivalents	679,096	832,546	933,296
Gearing (times)(2)	1.25	1.10	1.02
Net gearing (times)(3)	0.66	0.46	0.36

Notes:

(1) Calculated based on total equity attributable to owners of our Company (i.e. NA) over number of HRC Shares in issue.

(2) Calculated based on total borrowings (excluding lease liabilities) over total equity.

(3) Calculated based on total net borrowings (comprises the total borrowings net of cash and cash equivalents) over total equity.

(4) Based on the illustrative issue price of RM0.80 per Rights Share and after accounting for the creation of warrants reserve and deducting the estimated expenses relating to the Proposed Rights Issue with Warrants of RM1.55 million.

(5) *Based on the theoretical fair value of the Warrants as at the LPD of RM0.4603 per Warrant.*

(6) *Assuming the Warrants are exercised into new HRC Shares at the illustrative exercise price of RM1.04 per Warrant and the corresponding reclassification of the warrants reserve amount to the share capital account.*

Maximum Scenario

		(I)	(II)
	Audited as at 31 December 2024	**After the Proposed Rights Issue with Warrants**	**After (I) and assuming full exercise of the Warrants**
	(RM'000)	**(RM'000)**	**(RM'000)**
Share capital	300,000	[4]469,405	[6]694,450
Retained earnings	986,828	986,828	986,828
Cash flow hedge reserve	(161)	(161)	(161)
Cost of hedging reserve	(7,602)	(7,602)	(7,602)
Translation reserve	(128,888)	(128,888)	(128,888)
Warrants reserve	-	[5]69,045	[6]-
Total equity attributable to owners of our Company/NA	**1,150,177**	**1,388,627**	**1,544,627**
No. of Shares in issue ('000)	300,000	600,000	750,000
NA per Share (RM)[1]	3.83	2.31	2.06
Total borrowings (excluding lease liabilities)	1,433,741	1,433,741	1,433,741
Cash and cash equivalents	679,096	917,546	1,073,546
Gearing (times)[2]	1.25	1.03	0.93
Net gearing (times)[3]	0.66	0.37	0.23

Notes:

(1) *Calculated based on total equity attributable to owners of our Company (i.e. NA) over number of HRC Shares in issue.*

(2) *Calculated based on total borrowings (excluding lease liabilities) over total equity.*

(3) *Calculated based on total net borrowings (comprises the total borrowings net of cash and cash equivalents) over total equity.*

(4) *Based on the illustrative issue price of RM0.80 per Rights Share and after accounting for the creation of warrants reserve and deducting the estimated expenses relating to the Proposed Rights Issue with Warrants of RM1.55 million.*

(5) *Based on the theoretical fair value of the Warrants as at the LPD of RM0.4603 per Warrant.*

(6) *Assuming the Warrants are exercised into new HRC Shares at the illustrative exercise price of RM1.04 per Warrant and the corresponding reclassification of the warrants reserve amount to the share capital account.*

5.4 Earnings and EPS

As the Proposed Rights Issue with Warrants is only expected to be completed in the fourth quarter of 2025, the Proposed Rights Issue with Warrants is not expected to have any material effect on the earnings of our Company for the FYE 2025.

However, there will be a dilution in EPS as a result of the issuance of the Rights Shares. The EPS is expected to be further diluted should there be any exercise of the Warrants.

Notwithstanding, the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of our Company via the utilisation of proceeds as set out in Section 2.5 of this Circular.

5.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities in issue.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of HRC Shares traded on the Main Market of Bursa Securities for the past 12 months preceding the date of this Circular (i.e. from September 2024 to August 2025) are as follows:

	High	**Low**
	(RM)	**(RM)**
<u>2024</u>		
September	2.25	1.95
October	3.15	2.02
November	2.54	1.99
December	2.37	2.02
<u>2025</u>		
January	2.26	1.97
February	2.04	1.80
March	1.84	1.60
April	1.72	1.38
May	2.00	1.53
June	2.05	1.59
July	1.70	1.28
August	1.33	1.23
Last transacted market price of HRC Shares on 11 July 2025 *(being the last full trading day prior to the announcement of the Proposed Rights Issue with Warrants on 14 July 2025)*		1.61
Last transacted market price of HRC Shares as at the LPD		1.26

(Source: Bloomberg)

7. APPROVALS REQUIRED FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The Proposed Rights Issue with Warrants is subject to the approvals being obtained from the following:

(i) Bursa Securities for the following:

(a) listing and quotation of up to 300.0 million Rights Shares;

(b) admission to the Official List and the listing and quotation of up to 150.0 million Warrants;

(c) listing and quotation of up to 150.0 million Exercised Shares.

The approval of Bursa Securities was obtained vide its letter dated 18 August 2025 and is subject to the following conditions:

No.	Condition	Status of compliance
1.	HRC and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants;	To be complied
2.	HRC must comply with the public security holding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon listing and quotation of the new HRC Shares;	To be complied
3.	HRC is required to furnish Bursa Securities with a certified true copy of the resolution passed by its shareholders at a general meeting for the Proposed Rights Issue with Warrants;	To be complied
4.	HRC and AmInvestment Bank are required to inform Bursa Securities upon completion of the Proposed Rights Issue with Warrants;	To be complied
5.	HRC and AmInvestment Bank are required to provide a written confirmation that the terms of Warrants are in compliance with Paragraph 6.54(3) of the Listing Requirements;	To be complied
6.	HRC is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and	To be complied
7.	HRC is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

(ii) shareholders of our Company at our forthcoming EGM; and

(iii) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue with Warrants is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Rights Issue with Warrants, there are no other corporate exercises which have been announced by our Company that are pending completion as at the date of this Circular.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and chief executive of our Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements as the shareholders of our Company under the Proposed Rights Issue with Warrants and their right to apply for the Excess Rights Shares, for which other Entitled Shareholders are also similarly entitled.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board having considered all aspects of the Proposed Rights Issue with Warrants, including the rationale and pro forma effects of the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of our Company.

Accordingly, our Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at our forthcoming EGM.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Rights Issue with Warrants is expected to be completed in the fourth quarter of 2025.

The tentative timeline for the implementation of the Proposed Rights with Warrants is as follows:

Tentative Date	Events
18 September 2025	• EGM to approve the Proposed Rights Issue with Warrants
End September 2025	• Announcement of the Entitlement Date, issue price of the Rights Shares and exercise price of the Warrants
Mid October 2025	• Entitlement Date • Issuance of abridged prospectus together with the notice of provisional allotment and rights subscription form for the Proposed Rights Issue with Warrants to the Entitled Shareholders
End October 2025	• Closing date of the application and acceptance for the Rights Shares and Warrants
Early November 2025	• Listing and quotation of the Rights Shares and Warrants on the Main Market of Bursa Securities

12. EGM

Our forthcoming EGM, the notice of which is enclosed in this Circular, will be held at Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 September 2025 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Rights Issue with Warrants.

If you decide to appoint a proxy or proxies to attend and vote on your behalf at our forthcoming EGM, please complete and deposit the enclosed Form of Proxy in accordance with the instructions therein, so as to arrive at Boardroom Share Registrars Sdn Bhd's ("**Share Registrar**") office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. In such event, you are requested to revoke your earlier appointment of proxy or proxies by notifying our Share Registrar in writing, not later than Tuesday, 16 September 2025 at 10:00 a.m..

13. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
HENGYUAN REFINING COMPANY BERHAD

Wang, YouDe
Chairman
Non-Independent Non-Executive Director

FINANCIAL INFORMATION OF OUR COMPANY

A summary of the financial information of our Company for the last four (4) FYEs 2021 to 2024 as well as for the six (6)-month FPE 30 June 2025 are as follows:

	Audited				Unaudited	
	FYE 31 December				Six (6)-month FPE 30 June	
	2021	2022	2023	2024	2024	2025
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	12,006,040	21,142,293	15,399,240	17,211,700	9,610,856	5,891,763
Gross profit/(loss)	1,044,654	344,885	(143,929)	196,723	157,781	62,053
Profit/(Loss) before taxation	127,702	(394,382)	(499,960)	(357,561)	(198,336)	(254,400)
Net profit/(loss) for the financial year/period	82,672	(157,640)	(488,570)	(357,561)	(198,336)	(353,688)
Profit/(loss) attributable to owners of our Company(1)	82,672	(157,640)	(488,570)	(357,561)	(198,336)	(353,688)
Weighted average number of Shares in issue ('000)	300,000	300,000	300,000	300,000	300,000	300,000
Basic earnings/(loss) per Share (sen)(2)	27.56	(52.55)	(162.86)	(119.19)	(66.11)	(117.90)

Notes:

(1) Our Company does not have any subsidiary or associated company. There is no profit/(loss) attributable to non-controlling interests recorded for the years/periods under review.

(2) Calculated based on profit/(loss) attributable to owners of our Company over weighted average number of Shares in issue.

Commentary of the financial performance

(i) FYE 2021 to FYE 2022

In FYE 2022, our Company recorded revenue of approximately RM21.14 billion, representing an increase of approximately RM9.13 billion or 76% compared to revenue of approximately RM12.01 billion in FYE 2021. The significant increase in revenue was primarily driven by a substantial rise in average product market prices, which increased by 59% from USD78.81 per barrel ("**/bbl**") in FYE 2021 to USD125.25/bbl in FYE 2022. The price increase reflected strong market demand recovery following the economic disruptions and lockdowns caused by the COVID-19 pandemic. Additionally, our Company reported a 9% increase in sales volume, reaching approximately 39.7 million barrels in FYE 2022, up from 36.3 million barrels in FYE 2021.

Despite the higher revenue recorded in FYE 2022, our Company reported a significantly lower gross profit of approximately RM344.89 million in FYE 2022, representing a decline of approximately RM699.76 million or 67% compared to gross profit of approximately RM1.04 billion in FYE 2021. The substantial decrease in gross profit was primarily driven by hedging losses amounting to approximately RM1.46 billion (FYE 2021: RM45.45 million), arising from unfavourable long hedging positions entered in 2021. These positions were adversely impacted by the unexpected geopolitical developments following the onset of the Russian-Ukraine war in early 2022. In addition, our Company's gross profit was also adversely impacted by an unplanned nationwide power outage in July 2022, which resulted in production losses and increased plant overhead costs due to the sudden forced plant shutdown. This disruption also affected plant operations, resulting in sub-optimal refined product yields and additional costs associated with the rescheduling of planned crude oil purchases, which collectively contributed to margin compression. Furthermore, higher crude premium costs and additional write downs of hydrocarbon inventories amounting to approximately RM82.99 million (FYE 2021: RM13.83 million) further weighed on gross profitability.

As a result, our Company recorded a loss before tax ("**LBT**") of approximately RM394.38 million in FYE 2022, compared to a profit before tax ("**PBT**") of approximately RM127.70 million in FYE 2021. This occurred despite a marginal increase in other income, a substantial reduction in manufacturing and operating expenses contributed by our company-wide costs optimisation initiatives, and a significantly lower mark-to-market losses on commodity swaps and other refining margin swap derivatives used for hedging hydrocarbon inventories of approximately RM225.20 million (FYE 2021: loss of approximately RM490.17 million) due to improved hedging positions against oil price movements during the year. The LBT was further impacted by an increase in administrative expenses, primarily due to a one-off impairment charge of approximately RM12.11 million relating to our Company's plant, equipment and parts refurbishment. Additionally, a net foreign exchange loss arising from strengthening USD against RM during the year and higher finance costs driven by global interest rate hikes also contributed to the overall loss. Consequently, our Company recorded loss per Share ("**LPS**") of approximately 53 sen in FYE 2022, compared to EPS of approximately 28 sen in FYE 2021.

(ii) FYE 2022 to FYE 2023

In FYE 2023, our Company recorded revenue of approximately RM15.40 billion, representing a decrease of approximately RM5.74 billion or 27% compared to revenue of approximately RM21.14 billion in FYE 2022. The significant decline was primarily due to an 18% drop in average product market prices to USD103.28/bbl (FYE 2022: USD125.25/bbl), as well as a 14% decrease in sales volume to approximately 34.0 million barrels (FYE 2022: 39.7 million barrels). The reduction in sales volume was largely attributed to the spillover effects of scheduled maintenance activities carried out from December 2022 to early 2023, as well as the major turnaround exercise ("**MTA2023**") conducted in July and August 2023 which involved a full temporary shutdown of the refinery plant to facilitate for a comprehensive maintenance, inspections, repairs and upgrades to the production units and equipment.

As a result of the plant constraints mentioned above, our Company's ability to optimise margins was significantly limited. Both selling prices and production volumes were adversely impacted by the increased plant downtime, while fixed costs remained largely unchanged. Additionally, gross margins were further affected by the weakening of crack spreads for key refined petroleum products, particularly diesel (gasoil) and jet fuel (Jet A1). Coupled with continued hedging losses, these factors led our Company to record gross loss of approximately RM143.93 million in FYE 2023, compared to a gross profit of approximately RM344.89 million in FYE 2022. Notwithstanding these adverse conditions, our Company recorded a reversal of write downs of hydrocarbon inventories amounting to approximately RM19.70 million in FYE 2023 as opposed to additional write-downs of approximately RM82.99 million in FYE 2022.

Consequently, our Company recorded a higher LBT of approximately RM499.96 million in FYE 2023, compared to a LBT of approximately RM394.38 million in FYE 2022. The increase in LBT was also attributable to the absence of liquidated damages claims of approximately RM19.59 million received in 2022 from a main contractor as a result of delay in the delivery of the Euro 4 Mogas ("**E4M**") project. Additionally, manufacturing expenses rose due to planned maintenance activities conducted during the MTA2023 exercise, a major turnaround carried out once every five (5) years to ensure asset integrity and operational reliability. Depreciation and amortisation charges also increased by 27% from approximately RM113.00 million to RM143.91 million, following the completion of the MTA2023 exercise in the third quarter of 2023 and the capitalisation of major projects i.e. Hydrogen Manufacturing Unit and E4M Unit in FYE 2023. Higher finance costs, primarily driven by global interest rate hikes, especially on the USD denominated loans, also contributed to the increased LBT.

Notwithstanding these factors, the LBT was partially offset by other operating gains in FYE 2023, mainly arising from favourable mark-to-market effects on commodity swaps and other refining margin swap derivatives used for hydrocarbon hedging. These gains amounted to approximately RM207.64 million, compared to a loss of approximately RM225.20 million in FYE 2022, reflecting more favourable hedging positions that were aligned with oil price movements. Unlike in FYE 2022, there was also no one-off impairment charge on our Company's plant, equipment and parts refurbishment in FYE 2023.

Premised on the above, our Company's LPS widened to approximately 163 sen in FYE 2023, compared to approximately 53 sen in FYE 2022.

(iii) FYE 2023 to FYE 2024

In FYE 2024, our Company recorded revenue of approximately RM17.21 billion, representing an increase of approximately RM1.81 billion or 12% as compared to revenue of approximately RM15.40 billion in FYE 2023. The increase was primarily driven by a 17% increase in sales volume, with total sales reaching approximately 39.8 million barrels in FYE 2024, compared to approximately 34.0 million barrels in FYE 2023. The revenue growth was also supported by the gradual normalisation of the plant's production and yield following the successful completion of the MTA2023 exercise. However, the overall increase in revenue was partially offset by lower average product market prices, which fell from USD103.28/bbl in FYE 2023 to USD94.82/bbl in FYE 2024.

In tandem with higher revenue recorded, our Company registered a gross profit of approximately RM196.72 million in FYE 2024, marking a significant turnaround from a gross loss of approximately RM143.93 million in FYE 2023, an improvement of approximately RM340.65 million. This improvement was driven not only by increased revenue but also by more favourable hedging positions. Our Company recorded a net fair value gain of approximately RM25.53 million on refining margin swap contracts, compared to a net fair value loss of approximately RM711.88 million in FYE 2023. The prior year's loss was mainly due to unfavourable long hedging positions taken in 2021, which were adversely impacted by the onset of the Russia-Ukraine war in early 2022. Additionally, there was a higher reversal of previous write-downs of hydrocarbon inventories amounting to approximately RM65.79 million (FYE 2023: RM19.70 million), due to increased stock valuations. Despite these improvements, gross profit was partially offset by lower average product crack market prices, which declined to USD14.06/bbl in FYE 2024 from USD20.66/bbl in FYE 2023.

Consequently, our Company recorded lower LBT of approximately RM357.56 million in FYE 2024, narrowing its LBT by approximately RM142.40 million or 28% compared to approximately RM499.96 million in FYE 2023. Our Company also recorded lower plant manufacturing expenses due to the absence of a one-off operating expenditure costs of approximately RM21.19 million incurred for the MTA2023 exercise. Nevertheless, our Company continued to record a LBT, primarily due to higher depreciation and amortisation charges following the completion of the MTA2023 exercise in the third quarter of 2023 and the capitalisation of major projects i.e. Hydrogen Manufacturing Unit and E4M Unit in FYE 2023. Our Company also incurred mark-to-market losses of approximately RM20.83 million on commodity swaps and other refining margin swap derivatives used for hydrocarbon hedging, compared to a gain of approximately RM207.64 million in FYE 2023, stemming from unfavourable movements in oil prices. Higher finance costs also contributed to the continued loss. Accordingly, our Company's LPS reduced to approximately 119 sen in FYE 2024, compared to approximately 163 sen in FYE 2023.

(iv) Six (6)-month FPE 30 June 2024 compared to six (6)-month FPE 30 June 2025

In the six (6)-month FPE 30 June 2025, our Company recorded revenue of approximately RM5.89 billion, representing a decrease of approximately RM3.72 billion or 39% as compared to revenue of approximately RM9.61 billion in the six (6)-month FPE 30 June 2024. The lower revenue was primarily due to a 16% drop in average product market prices to USD84.73/bbl (FPE 2024: USD100.49/bbl), and a 20% decrease in sales volume to approximately 16.5 million barrels (FPE 2024: 20.5 million barrels). The reduction in sales volume was largely attributed to lower plant availability following the scheduled year-end pitstop maintenance exercise carried out in end December 2024, which was completed in mid-January 2025. For information, no year-end pitstop maintenance exercise was carried out in December 2023, as the MTA2023 had already been conducted earlier in July and August 2023. The decline in revenue was further exacerbated by the weakening of the USD against the RM during the six (6)-month FPE 30 June 2025 (FPE 2025: USD1 to RM4.3763, FPE 2024: USD1 to RM4.7260).

The lower sales volume has led to lower gross profit of RM62.05 million for the six (6)-month FPE 30 June 2025, as compared to a gross profit of RM157.78 million in the corresponding period. The gross margins were further pressured by the weakening crack spreads for key refined petroleum products namely, gasoline (U95), diesel (gasoil), and jet fuel (Jet A1), driven by fluctuations in global oil prices.

Despite a smooth restart of the refinery plant after the scheduled pitstop, external market headwinds led to a higher LBT of approximately RM254.40 million in the said financial period as opposed to a LBT of approximately RM198.34 million in the preceding financial period. Our Company's profitability was also affected by the higher plant manufacturing costs arising from lower production volume and higher maintenance costs incurred during the scheduled year-end pitstop maintenance exercise carried out. As a result, our Company recorded LPS of approximately 118 sen in the six (6)-month FPE 30 June 2025 as opposed to LPS of approximately 66 sen in the preceding financial period.

(Source: Management of our Company)

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ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

AmInvestment Bank, being the Principal Adviser to our Company for the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad ("**AMMB**"). AMMB and its group of companies (collectively, the "**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to, among others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management as well as credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of its businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the accounts of its other client, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its existing or future clients, may have interests or take actions that may conflict with the interest of our Company.

As at 28 August 2025, AmBank Group has, in its ordinary course of business, extended credit facilities with an aggregate credit limit of approximately RM1.33 billion to our Company, of which approximately RM1.08 billion is outstanding.

Notwithstanding the above, AmInvestment Bank is of the opinion that no conflict of interest exists or is likely to exist in its roles as the Principal Adviser to our Company for the Proposed Rights Issue with Warrants in view of the following:

(i) the credit facilities were provided by AmBank Group in its ordinary course of business, and the total outstanding amount owed by our Company from such credit facilities provided is not material when compared to the total audited consolidated loans, advances and financing of the AmBank Group as at 31 March 2025 of approximately RM137.1 billion;

(ii) AmBank Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Principal Adviser for the Proposed Rights Issue with Warrants is in the ordinary course of business;

(iii) the credit facilities were not determined in contemplation of and are not conditional upon AmInvestment Bank being appointed as the Principal Adviser for the Proposed Rights Issue with Warrants; and

(iv) each of the entities and departments of the AmBank Group are also subject to internal controls and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by BNM.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

Save as disclosed below, as at 31 July 2025, there is no other material commitment contracted or known to be contracted by our Company which may have a material impact on the profits or NA of our Company:

	RM'000
Capital expenditure:	
• Approved and contracted for	28,153
• Approved but not contracted for	19,371
Total	**47,524**

3.2 Contingent liabilities

As at the LPD, there is no contingent liability incurred or known to be incurred by our Company which, upon becoming enforceable, may have a material and adverse impact on the financial position of our Company.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Company is not engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceeding, pending or threatened, against our Company, or of any fact which is likely to give rise to any proceedings which may materially affect the business or financial position of our Company.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

(i) our Constitution;

(ii) our audited financial statements for the past two (2) FYEs 2023 and 2024 and the latest unaudited financial results of our Company for the six (6)-month FPE 30 June 2025;

(iii) draft Deed Poll;

(iv) the Undertaking; and

(v) letter of consent referred to in Section 2 of this Appendix II.

HENGYUAN REFINING COMPANY BERHAD
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Hengyuan Refining Company Berhad ("**HRC**" or "**Company**") ("**EGM**" or the "**Meeting**") will be held at Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 September 2025 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without any modifications, the resolution set out in this notice:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 300.0 MILLION NEW ORDINARY SHARES IN HRC ("HRC SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 150.0 MILLION FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING HRC SHARE HELD AND ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR AT AN ISSUE PRICE AND ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE OF WARRANTS")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board of Directors of HRC ("**Board**") for the following:

(i) to provisionally allot and issue by way of a renounceable rights issue of up to 300.0 million Rights Shares at an issue price to be determined by the Board and announced by HRC at a later date together with up to 150.0 million Warrants to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board and announced by HRC at a later date ("**Entitled Shareholders**"), on the basis of one (1) Rights Share for every one (1) existing HRC Share held and one (1) Warrant for every two (2) Rights Shares subscribed for by the Entitled Shareholders and/or their renouncee(s);

(ii) constitute the Warrants upon the terms and conditions of a deed poll to be executed by HRC ("**Deed Poll**"), the indicative salient terms of the Warrants which are set out in Section 2.4 of the circular to shareholders dated 4 September 2025 ("**Circular**") and wherein each of the Warrant will carry the right to subscribe, subject to adjustments made in accordance with the provisions of the Deed Poll, at any time during the exercise period, for one new HRC Share; and

(iii) to allot and issue such number of new HRC Shares credited as fully paid-up to the holders of the Warrants upon their exercise of the relevant Warrants to subscribe for new HRC Shares during the tenure of the Warrants in accordance with the provisions of the Deed Poll;

THAT any Rights Shares, together with the accompanying Warrants which are not taken up or validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons and to be allocated in a fair and equitable manner on a basis to be determined by the Board;

THAT any fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and/or dealt with by the Board in such manner as the Board in its absolute discretion deems fit or expedient and in the best interests of the Company;

THAT the approval be and is hereby given to the Board to determine the issue price of the Rights Shares and the exercise price of the Warrants;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 2.5 of the Circular, and the Board is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities and/or shareholders of the Company;

THAT the Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing HRC Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of the Rights Shares;

THAT the new HRC Shares to be issued upon exercise of the Warrants ("**Exercised Shares**") will, upon allotment and issuance (following full payment of the exercise price of the Warrants), rank equally in all respects with the existing HRC Shares, save and except that the Exercised Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of the Exercised Shares;

THAT the Board be and is hereby authorised and empowered to enter into and execute on behalf of the Company, the Deed Poll with full powers to assent to any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required or imposed by the relevant authorities with full power to implement, finalise and give full effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);

AND THAT the Board be and is hereby empowered and authorised with full power to do all acts, deeds and things and to execute and deliver on behalf of the Company all such transactions, arrangements, documents and/or agreements as the Board may deem fit, necessary or expedient or appropriate in the best interest of the Company, in order to finalise, implement and/or give effect to the Proposed Rights Issue with Warrants with full power to assent to any terms, conditions, modifications, variations, arrangements and/or amendments as may be imposed or required by the relevant authorities or deemed fit, necessary, expedient and/or desirable in the best interest of the Company by the Board."

By Order of the Board

TAN AI NING (MAICSA 7015852) (SSM PC No.: 202008000067)
TAN SIEW HONG (MAICSA 7066226) (SSM PC No.: 201908001915)
COMPANY SECRETARIES
Selangor Darul Ehsan
4 September 2025

Notes:

1. For the purpose of determining a member who shall be entitled to attend, participate, speak and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a **Record of Depositors** as at **9 September 2025** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his/her stead.

2. A member who is entitled to participate in this EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the EGM. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

5. Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

7. The instrument appointing a proxy shall be in writing and signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made under seal or signed by an officer or an attorney duly authorised.

8. The signature to the instrument appointing a proxy or proxies executed outside Malaysia must be attested by a solicitor, notary public, consul or magistrate.

9. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under Seal or under the hand of an officer or an attorney duly or under the hand of an officer or attorney duly authorised, shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the EGM or adjourned EGM.

   Alternatively, the instrument appointing proxy may by electronically submitted to Boardroom Share Registrars Sdn. Bhd. via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please refer to the Administrative Guide for further information on electronic submission of Form of Proxy.

10. Original copies of the appointments of corporate representative or power of attorney can be submitted either by hard copy or electronically in accordance with the instructions for lodgment in Note 9 above.

11. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

12. The certificate of appointment should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       (a) at least two (2) authorised officers, of whom one shall be a director; or

       (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

HENGYUAN REFINING COMPANY BERHAD
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	No. of shares held

I/We ____
(Full name in block letters)

NRIC/Passport No. ____

of ____
(Address in full)

being a member of Hengyuan Refining Company Berhad, do hereby appoint ____________________
(Full name in block letters)

____________________________________ NRIC/Passport No. ____________________

of ____
(Address in full)

and ____
(Full name in block letters)

NRIC/Passport No. ______________________________ of ____________________
(Address in full)

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or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of Hengyuan Refining Company Berhad (the "**Company**") to be held at Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 18 September 2025 at 10:00 a.m. or at any adjournment thereof.

Resolution	Description	For	Against
Ordinary Resolution	Proposed Rights Issue with Warrants		

Please indicate with an "x" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote as he or she thinks fit or abstain from voting at his or her discretion.

Dated this ____________________ day of
____________________________ 2025.

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		**100%**

____
Signature/Common Seal of Shareholder(s)

Contact No.

Notes:

1. For the purpose of determining a member who shall be entitled to attend, participate, speak and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a **Record of Depositors** as at **9 September 2025** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his/her stead.
2. A member who is entitled to participate in this EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the EGM. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
7. The instrument appointing a proxy shall be in writing and signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made under seal or signed by an officer or an attorney duly authorised.
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Fold this flap for sealing

AFFIX STAMP

The Share Registrar of

HENGYUAN REFINING COMPANY BERHAD
(Registration No. 196001000259 (3926-U))

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

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10. Original copies of the appointments of corporate representative or power of attorney can be submitted either by hard copy or electronically in accordance with the instructions for lodgment in Note 9 above.
11. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. The certificate of appointment should be executed in the following manner:
    - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
    - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        - (a) at least two (2) authorised officers, of whom one shall be a director; or
        - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.