



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)
(Incorporated in Malaysia)

In accordance with the approval of the Board of Directors of Hengyuan Refining Company Berhad (“the Company”) dated 29 May 2023, the Board hereby announces its unaudited financial results for the first quarter ended 31 March 2023.

The condensed financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) and should be read in conjunction with the Company’s audited financial statements for the year ended 31 December 2022.



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)
(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income

		Unaudited Quarter and cumulative period ended	Unaudited
	Note	<u>31.03.2023</u>	<u>31.03.2022</u>
		RM'000	RM'000
Revenue	A8	4,382,423	4,953,258
Purchases		<u>(4,427,599)</u>	<u>(4,444,598)</u>
Gross (loss)/profit		(45,176)	508,660
Other income		7,245	9,718
Manufacturing expenses		(52,411)	(49,052)
Administrative expenses		(12,904)	(14,106)
Depreciation and amortisation		(34,556)	(25,620)
Other operating losses		(15,894)	(338,562)
Finance cost		<u>(26,917)</u>	<u>(5,760)</u>
(Loss)/Profit before taxation	A10	(180,613)	85,278
Taxation	A11	<u>60,070</u>	<u>(37,822)</u>
(Loss)/Profit after taxation		<u>(120,543)</u>	<u>47,456</u>
Other comprehensive income/(expenses):			
<i>Items that will be reclassified to profit or loss:</i>			
Cash flow hedge – net fair value gain/(loss) on derivatives used for hedging (net of tax)		450,997	(221,944)
Cost of hedging reserve (net of tax)		<u>(29,295)</u>	<u>111,013</u>
		<u>421,702</u>	<u>(110,931)</u>
Total comprehensive income/(expenses) for the financial period		<u>301,159</u>	<u>(63,475)</u>
(Loss)/Earnings per share:			
- basic/diluted (sen)	A9	<u>(40.18)</u>	<u>15.82</u>

The above Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)
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Condensed Statement of Financial Position

	Note	Unaudited As at <u>31.03.2023</u> RM'000	Audited As at <u>31.12.2022</u> RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,056,515	2,055,220
Intangible assets		6,696	7,369
Right-of-use assets		7,029	8,874
Deferred tax assets		217,695	290,794
		<u>2,287,935</u>	<u>2,362,257</u>
CURRENT ASSETS			
Inventories		1,640,487	1,501,868
Trade receivables	A19	904,137	719,416
Other receivables and prepayments		107,323	571,899
Tax recoverable		16,946	15,222
Derivative financial assets	A18	75,433	116,530
Bank balances		500,259	1,334,832
		<u>3,244,585</u>	<u>4,259,767</u>
TOTAL ASSETS		<u>5,532,520</u>	<u>6,622,024</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		300,000	300,000
Retained earnings		1,712,416	1,832,959
Cash flow hedge reserve		(178,121)	(629,118)
Cost of hedging reserve		(30,451)	(1,156)
Exchange translation reserve		(128,888)	(128,888)
		<u>1,674,956</u>	<u>1,373,797</u>
CURRENT LIABILITIES			
Trade and other payables		1,763,635	2,720,572
Amount due to penultimate holding company, immediate holding company and related company		14,416	16,419
Lease liabilities		5,733	7,235
Contract liabilities		1,487	1,566
Derivative financial liabilities	A18	287,879	777,336
Borrowings	A20	1,144,457	1,004,703
		<u>3,217,607</u>	<u>4,527,831</u>
NON-CURRENT LIABILITIES			
Derivative financial liabilities	A18	41,012	115,282
Lease liabilities		308	870
Borrowings	A20	598,637	604,244
		<u>639,957</u>	<u>720,396</u>
TOTAL EQUITY AND LIABILITIES		<u>5,532,520</u>	<u>6,622,024</u>

The above Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)

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Condensed Statement of Changes in Equity

Note	Issued and fully paid ordinary shares		Non-distributable			Distributable	Total
	Number of shares '000	Share capital RM'000	Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
Unaudited							
At 1 January 2023	300,000	300,000	(629,118)	(1,156)	(128,888)	1,832,959	1,373,797
Net loss for the financial period	-	-	-	-	-	(120,543)	(120,543)
Other comprehensive income/(expenses) for the financial period	-	-	450,997	(29,295)	-	-	421,702
Total comprehensive income/(expenses) for the financial period	-	-	450,997	(29,295)	-	(120,543)	301,159
At 31 March 2023	<u>300,000</u>	<u>300,000</u>	<u>(178,121)</u>	<u>(30,451)</u>	<u>(128,888)</u>	<u>1,712,416</u>	<u>1,674,956</u>

The above Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying supplementary notes to these condensed financial statements.



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Condensed Statement of Changes in Equity

Note	Issued and fully paid ordinary shares		Non-distributable			Distributable	Total
	Number of shares '000	Share capital RM'000	Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
<u>Unaudited</u>							
At 1 January 2022	300,000	300,000	(77,063)	(62,678)	(128,888)	2,020,599	2,051,970
Net profit for the financial period	-	-	-	-	-	47,456	47,456
Other comprehensive (expenses)/income for the financial period	-	-	(221,944)	111,013	-	-	(110,931)
Total comprehensive (expenses)/income for the financial period	-	-	(221,944)	111,013	-	47,456	(63,475)
At 31 March 2022	<u>300,000</u>	<u>300,000</u>	<u>(299,007)</u>	<u>48,335</u>	<u>(128,888)</u>	<u>2,068,055</u>	<u>1,988,495</u>

The above Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

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Condensed Statement of Cash Flows

	Note	Quarter and cumulative period ended	
		Unaudited	Unaudited
		<u>31.03.2023</u>	<u>31.03.2022</u>
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(180,613)	85,278
Adjustments for:			
Depreciation of property, plant and equipment		32,038	23,060
Depreciation of right-of-use assets		1,845	1,888
Amortisation of intangible assets		673	672
Inventories written (back)/written down		(57,149)	131,558
Amortisation of upfront and commitment fees for borrowings		1,441	44
Interest expense		25,476	5,716
Interest income		(7,245)	(746)
Net fair value loss on derivative financial instruments – unrealised		32,446	55,330
Net foreign exchange loss – unrealised		37,843	22,203
Operating profit before changes in working capital		<u>(113,245)</u>	<u>325,003</u>
Changes in working capital:			
Inventories		(81,470)	(1,238,202)
Trade and other receivables		280,411	(449,348)
Trade, other payables and amounts due to penultimate holding company, immediate holding company and related company		(1,001,439)	913,277
Cash generated from operating activities		<u>(915,743)</u>	<u>(449,270)</u>
Interest received		7,245	746
Tax paid		(1,724)	(8)
Net cash flows used in operating activities		<u>(910,222)</u>	<u>(448,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		<u>(34,546)</u>	<u>(48,105)</u>
Net cash flows used in investing activities		<u>(34,546)</u>	<u>(48,105)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(114,936)
Proceeds from borrowings		129,426	761,959
Interest paid		(24,821)	(9,868)
Repayment of principal portion of lease liabilities		(2,064)	(2,016)
Restricted cash for borrowing facilities		(1,591)	53,437
Net cash flows generated from financing activities		<u>100,950</u>	<u>688,576</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(843,818)	191,939
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,233,608	584,536
EFFECTS OF EXCHANGE RATE CHANGES		7,654	(703)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	A22	<u>397,444</u>	<u>775,772</u>

The above Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting

A1 Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting”, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) and the requirements of the Companies Act 2016 in Malaysia, where applicable.

This unaudited interim financial report should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2022. The explanatory notes to this report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2022.

The unaudited interim financial report is presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

The financial information presented herein have been prepared in accordance with the accounting policies used in preparing the audited financial statements for the financial year ended 31 December 2022, and for the following standards and interpretation which became effective on 1 January 2023:

(a) Amendments to published standards that are effective for financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101 – Disclosure of Accounting Policies
- Amendments to MFRS Practice Statement 2 “Making Material Judgements” – Disclosure of Accounting Policies
- Amendments to MFRS 108 – Definition of Accounting Estimates and Errors
- Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Adoption of the above standards and interpretations did not have any significant impact on the financial statements.

(b) Amendments to published standards that are applicable to the Company but not yet effective

- Amendments to MFRS 101 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (effective on or after 1 January 2024)
- Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback (effective on or after 1 January 2024)

The Company did not early adopt these amendments to MFRS and the financial impact that may arise from the adoption of the above new standards is being assessed by the Company.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A2 Audit report of preceding annual financial statements

The audit report of the Company's financial statements for the financial year ended 31 December 2022 was not subjected to any audit qualification.

A3 Comments about seasonal or cyclical factors

The Company's financial performance is affected by market driven refinery margins and hydrocarbon prices, which are influenced by international supply and demand for crude and petroleum products and geopolitical factors.

A4 Significant events and transactions

There were no significant events or transactions affecting assets, liabilities, equity, net income, or cash flows for the financial period that were unusual due to their nature, size, or incidence.

A5 Critical accounting estimates and judgments

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter ended 31 March 2023.

A6 Debt and equity securities

There were no issuances of new debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current quarter ended 31 March 2023.

A7 Segmental reporting

The Company is principally engaged in the business of refining and manufacturing of petroleum products in Malaysia, which is a single business segment. The Company's primary operations are also concentrated within Malaysia, hence operating within a single geographical segment. Accordingly, no segmental information is considered necessary for analysis by business or by geographical segments.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A8 Revenue

	Quarter and cumulative period ended	
	<u>31.03.2023</u>	<u>31.03.2022</u>
	RM'000	RM'000
Sale of oil products		
- Refined	4,382,015	4,952,851
- Crude oil	408	407
	<u>4,382,423</u>	<u>4,953,258</u>

A9 (Loss)/Earnings per share

	Quarter and cumulative period ended	
	<u>31.03.2023</u>	<u>31.03.2022</u>
Net (loss)/profit for the period (RM'000)	(120,543)	47,456
Weighted average number of ordinary shares in issue ('000)	300,000	300,000
Basic/diluted (loss)/earnings per share (sen)	(40.18)	15.82

A10 (Loss)/Profit before taxation

	Quarter and cumulative period ended	
	<u>31.03.2023</u>	<u>31.03.2022</u>
	RM'000	RM'000
<i>The (loss)/profit before taxation is arrived at after (crediting)/charging:</i>		
Interest income	(7,245)	(746)
Liquidated damages	-	(8,022)
Insurance claims	-	(950)
Amortisation of upfront and commitment fees for borrowings	1,441	44
Interest expense	25,476	5,716
Depreciation of property, plant and equipment	32,038	23,060
Depreciation of right-of-use assets	1,845	1,888
Amortisation of intangible assets	673	672
Inventories written (back)/written down	(57,149)	131,558
Foreign exchange gain – realised	(31,423)	(12,106)
Foreign exchange loss – unrealised	37,843	22,203
Fair value loss on derivative financial instruments	<u>252,563</u>	<u>432,206</u>

Save as disclosed above and in the Condensed Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Company.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting (continued)

A11 Taxation

Details of the Company's taxation are as follows:

	Quarter and cumulative period ended	
	<u>31.03.2023</u>	<u>31.03.2022</u>
	RM'000	RM'000
<u>Malaysian tax</u>		
Current tax	-	81,733
Deferred tax	<u>(60,070)</u>	<u>(43,911)</u>
	<u>(60,070)</u>	<u>37,822</u>

The effective tax rate of the Company varies from the statutory tax rate due to the following:

	Quarter and cumulative period ended	
	<u>31.03.2023</u>	<u>31.03.2022</u>
	%	%
Applicable tax rate	(24)	24
Tax effects in respect of:		
- Expenses not deductible for tax purposes	1	2
- Income not taxable for tax purposes	(10)	-
- Effects of increase in income tax rate	-	18
	<u>(33)</u>	<u>44</u>

A12 Dividend

The Company did not declare any dividend for the current quarter ended 31 March 2023.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting (continued)

A13 Changes in the composition of the Company

There were no changes in the composition of the Company in the current quarter ended 31 March 2023.

A14 Changes in contingent assets/liabilities

There were no significant changes in contingent liabilities or assets since the last audited annual financial statements as at 31 December 2022.

A15 Corporate proposal

There were no corporate proposals announced which was not completed as of 22 May 2023 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

A16 Material litigation

There were no material litigations involving the Company since 31 December 2022.

A17 Commodity prices and foreign currency exchange exposures

The Company's margins and financial performance are exposed to the risk of crude and refined product price fluctuations, driven by geopolitical forces and global economic changes. The Company aims to match the average price of its crude oil intake to the planned production of refined oil products in order to mitigate the risks of margin erosion to an acceptable level. The Company may enter into futures, swaps and option derivatives to mitigate margin risks, but only whilst achieving an adequate balance between paper and physical positions.

The Company finances its operations using a mixture of internally generated profits and borrowings. The Company's interest rate risk arises from its borrowings. The Company may enter into swaps in managing this exposure.

The Company is also exposed to foreign currency exchange risks as a result of transactions entered into that are denominated in currencies other than its functional currency. The Company may enter into foreign currency hedge transactions to manage this exposure.

The Company's financial risk management objectives and policies remain similar to that disclosed in the audited financial statements for the financial year ended 31 December 2022.

Derivatives classified within current assets and current liabilities as at 31 March 2023 will mature within the next twelve months. Derivatives classified within non-current assets and liabilities will mature beyond 12 months.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting (continued)

A18 Fair value disclosures

- (a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities measured at amortised cost approximate their respective fair values as at 31 March 2023.

- (b) Financial instruments carried at fair value

The Company measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the financial asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of financial instruments that were outstanding as at the reporting date are detailed below:

	Contract/ Notional amount USD'000	Assets RM'000	(Liabilities) RM'000
<u>Financial assets/(liabilities) – Level 2</u>			
<u>31.03.2023</u>			
Forward foreign currency contracts	195,000	2,964	(8,689)
Forward priced commodity contracts	75,434	17,143	-
Refining margin swap contracts	185,301	55,326	(320,202)
<u>31.12.2022</u>			
Forward foreign currency contracts	181,500	-	(12,659)
Commodity swap contracts	119,734	-	(40,158)
Refining margin swap contracts	235,068	116,530	(839,801)

During the current quarter ended 31 March 2023 and financial year ended 31 December 2022, there were no transfer between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement. The fair values were obtained from the counterparties.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting (continued)

A19 Trade receivables

	As at <u>31.03.2023</u> RM'000	As at <u>31.12.2022</u> RM'000
Current	897,833	705,739
1 to 30 days past due	4,838	12,372
31 to 180 days past due	159	630
More than 180 days past due	1,307	675
	<u>904,137</u>	<u>719,416</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with reliable payment records and have a low risk of default. None of the Company's trade receivables have been renegotiated during the financial period.

Receivables that are past due but not impaired

The receivable balances are unsecured in nature and are related to customers with good payment history.

A20 Borrowings

Details of the Company's borrowings as at the reporting date are as follows:

	As at <u>31.03.2023</u> RM'000	As at <u>31.12.2022</u> RM'000
<u>Secured</u>		
Medium term notes, short-term loan and revolving credits	1,743,094	1,608,947
Less: Amount repayable within 12 months	<u>(1,144,457)</u>	<u>(1,004,703)</u>
Amount repayable after 12 months	<u>598,637</u>	<u>604,244</u>
Currency profile of borrowings:		
- USD	808,514	675,689
- MYR	<u>934,580</u>	<u>933,258</u>

Terms and conditions of the borrowings are as disclosed in the audited financial statements for the financial year ended 31 December 2022.



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A21 Changes in liabilities arising from financing activities

(a) Detailed below are changes in liabilities arising from borrowings:

	RM'000	RM'000
As at		
- 1 January 2023	1,608,947	-
- 1 January 2022	-	798,297
Proceeds from borrowings	129,426	761,959
Repayment of borrowings (includes interest paid)	(22,022)	(120,877)
Non-cash changes:		
- Interest accrued	22,558	5,976
- Amortisation of upfront and commitment fees for borrowings	1,441	44
- Unrealised foreign exchange (gain)/loss	2,744	7,514
As at		
- 31 March 2023	1,743,094	-
- 31 March 2022	-	1,452,913

(b) Detailed below are changes in liabilities arising from leasing activities:

	RM'000	RM'000
As at		
- 1 January 2023	8,105	-
- 1 January 2022	-	16,101
Repayment of lease liabilities	(2,076)	(2,107)
Non-cash changes:		
- Interest expenses	12	91
As at		
- 31 March 2023	6,041	-
- 31 March 2022	-	14,085



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A22 Cash and cash equivalents

	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
<u>Cash and cash equivalents comprise of:</u>		
Bank balances	500,259	827,901
Less: Restricted cash	(102,815)	(52,032)
Less: Overdrafts	-	(97)
	<u>397,444</u>	<u>775,772</u>

Restricted cash comprise of amounts held in a debt service accrual account associated with the medium term notes, revolving credits and term loan facilities.

A23 Capital commitments

Capital commitments are as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
<u>Plant and equipment</u>		
Approved and contracted for	37,439	44,414
Approved but not contracted for	<u>195,312</u>	<u>18,763</u>



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Part A: Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting (continued)

A24 Related party disclosures

Below are significant related party transactions that are entered into in the normal course of business and have been established under negotiated terms:

	Quarter and cumulative period ended	
	<u>31.03.2023</u> RM'000	<u>31.03.2022</u> RM'000
Transactions with immediate holding company		
- Freight and freight brokerage services in relation to purchase of crude oil	<u>-</u>	<u>(455)</u>
- Central management and administrative charges	<u>(500)</u>	<u>-</u>
Transactions with an affiliated company		
- Central management and administrative charges	<u>(2,972)</u>	<u>(2,598)</u>
- Technical advisory support	<u>(5,157)</u>	<u>(4,889)</u>
- Rental of premises	<u>(119)</u>	<u>(13)</u>



HENGYUAN REFINING COMPANY BERHAD

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Part B: Additional information Required by Bursa Malaysia Listing Requirements

B1 Financial review for current quarter

	Quarter and cumulative period ended			
	<u>31.03.2023</u>	<u>31.03.2022</u>	Variance	
	RM'mil	RM'mil	RM'mil	%
Revenue	4,382	4,953	(571)	-12
Gross (loss)/profit plus fair value changes in oil hedges recognised within other operating (losses)/gains	(52)	180	(232)	>-100
(Loss)/Profit after taxation	(121)	47	(168)	>-100

The decrease in quarter-on-quarter revenue was due to a 9% drop in product prices and 6% drop in sales volume. Product prices during the current quarter ("Q1 2023") averaged at USD105 per barrel as compared to USD115 per barrel in the corresponding period in 2022. Lower sales volume in Q1 2023 against Q1 2022 continued to be affected by the scheduled plant maintenance undertaken during Q4 2022.

Q1 2023 recorded a gross loss of RM52 million against gross profit of RM180 million in Q1 2022. The scheduled plant maintenance adversely affected the product composition especially for gasoil, which had higher margin. Furthermore, the increase in stockholding losses due to reduction in crude and product prices had also impacted performance in Q1 2023.

Operating performance in Q1 2023 was further affected by higher depreciation and amortisation charges, which arose from the completion of Hydrogen Manufacturing Unit and Euro 4 Mogas plants during the second half of 2022. In addition, the interest rate had increased tremendously from Q2 2022, which significantly increase the Company's finance cost. The Company registered a loss after taxation of RM121 million.

B2 Financial review for current quarter compared with immediate preceding quarter

	Quarter ended			
	<u>31.03.2023</u>	<u>31.12.2022</u>	Variance	
	RM'mil	RM'mil	RM'mil	%
Revenue	4,382	4,264	118	3
Gross loss plus fair value changes in oil hedges recognised within other operating (losses)/gains	(52)	(393)	341	87
Loss after taxation	(121)	(232)	111	48

Revenue in Q1 2023 improved compared to Q4 2022, which was attributed to successful completion of the scheduled plant maintenance, and in turn contributed to a higher sales volume, despite softer product prices from an average of USD110 per barrel in Q4 2022 to USD105 per barrel in Q1 2023.

The improved gross performance in Q1 2023 was supported by the strong rebound of Mogas cracks, coupled with higher Mogas sales volume, as compared to Q4 2022. However, this was offset by the softening of gasoil and Jet A1 crack.



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)
(Incorporated in Malaysia)

Part B: Additional information Required by Bursa Malaysia Listing Requirements
(continued)

B3 Current year prospects

The decision to reduce oil production by the Organization of the Petroleum Exporting Countries (OPEC) members in early April 2023 has seen a hike in global oil price. A tighter of market oil supply is expected to have a positive impact on global oil price in the near term. However, concerns over the global recession will reduce oil market demand, which may depress global oil price.

The Company is actively monitoring the current market conditions and will continue its efforts to focus on operational efficiency, product quality, hydrocarbon hedging and financial risk management in order to optimize its performance.

B4 Status of major project

The Company shall undertake the Major Turnaround (MTA) exercise between Q2 and Q3 2023 to meet regulatory compliance, enhance operational safety and uphold plant integrity.

B5 Profit forecast

The Company does not issue any profit forecasts.

BY ORDER OF THE BOARD

Lim Hooi Mooi (MAICSA 0799764)
Ong Wai Leng (MAICSA 7065544)
Company Secretaries

Kuala Lumpur
29 May 2023