



**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 26 February 2024, the Board hereby announces its unaudited financial results for the fourth quarter ended 31 December 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 financial year ended 31 December 2022.



## HENGYUAN REFINING COMPANY BERHAD

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

### Condensed Statement of Comprehensive Income

	Note	Unaudited Individual 31.12.2023 RM'000	Unaudited quarter ended 31.12.2022 RM'000	Unaudited Financial year ended 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Revenue	A8	5,019,265	4,264,080	15,399,240	21,142,293
Purchases		(5,281,079)	(4,619,985)	(15,543,169)	(20,797,408)
Gross (loss)/profit		(261,814)	(355,905)	(143,929)	344,885
Other income		2,394	14,227	25,318	41,011
Manufacturing expenses		(41,977)	(39,835)	(196,313)	(183,642)
Administrative expenses		(17,194)	(13,077)	(66,112)	(76,031)
Depreciation and amortisation		(38,818)	(32,300)	(143,906)	(112,998)
Other operating gains/(losses)		148,837	(31,250)	138,857	(351,518)
Finance cost		(34,986)	(24,636)	(113,875)	(56,089)
Loss before taxation	A10	(243,558)	(482,776)	(499,960)	(394,382)
Taxation	A11	(31,089)	250,674	11,390	236,742
Loss after taxation		(274,647)	(232,102)	(488,570)	(157,640)
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)		327,566	164,260	531,923	(552,055)
Cost of hedging reserve (net of tax)		(1,307)	113,275	(14,584)	61,522
		326,259	277,535	517,339	(490,533)
Total comprehensive income/(expenses) for the financial period/year		51,612	45,433	28,769	(648,173)
Loss per share:					
- basic/diluted (sen)	A9	(91.55)	(77.37)	(162.86)	(52.55)

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>31.12.2023</u> RM'000	Audited As at <u>31.12.2022</u> RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,196,984	2,055,220
Intangible assets		4,764	7,369
Right-of-use assets		2,461	8,874
Deferred tax assets		138,801	290,794
		<u>2,343,010</u>	<u>2,362,257</u>
<b>CURRENT ASSETS</b>			
Inventories		1,391,361	1,501,868
Trade receivables	A19	765,330	719,416
Other receivables and prepayments		69,240	571,899
Tax recoverable		19,372	15,222
Derivative financial assets	A18	21,016	116,530
Bank balances		1,028,529	1,334,832
		<u>3,294,848</u>	<u>4,259,767</u>
<b>TOTAL ASSETS</b>		<u><b>5,637,858</b></u>	<u><b>6,622,024</b></u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		300,000	300,000
Retained earnings		1,344,389	1,832,959
Cash flow hedge reserve		(97,195)	(629,118)
Cost of hedging reserve		(15,740)	(1,156)
Exchange translation reserve		(128,888)	(128,888)
		<u>1,402,566</u>	<u>1,373,797</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,330,867	2,720,572
Amount due to penultimate holding company, immediate holding company and related company		11,965	16,419
Lease liabilities		753	7,235
Contract liabilities		-	1,566
Derivative financial liabilities	A18	170,667	777,336
Borrowings	A20	1,216,366	1,004,703
		<u>3,730,618</u>	<u>4,527,831</u>
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial liabilities	A18	-	115,282
Lease liabilities		159	870
Borrowings	A20	504,515	604,244
		<u>504,674</u>	<u>720,396</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,637,858</b></u>	<u><b>6,622,024</b></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	
<b>Unaudited</b>							
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 year	-	-	-	-	-	(488,570)	(488,570)
Other comprehensive income/(expenses) for the financial year	-	-	531,923	(14,584)	-	-	517,339
Total comprehensive income/(expenses) for the financial year	-	-	531,923	(14,584)	-	(488,570)	28,769
At 31 December 2023	<u>300,000</u>	<u>300,000</u>	<u>(97,195)</u>	<u>(15,740)</u>	<u>(128,888)</u>	<u>1,344,389</u>	<u>1,402,566</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 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>Audited</u>							
At 1 January 2022	300,000	300,000	(77,063)	(62,678)	(128,888)	2,020,599	2,051,970
Net loss for the financial year	-	-	-	-	-	(157,640)	(157,640)
Other comprehensive (expenses)/income for the financial year	-	-	(552,055)	61,522	-	-	(490,533)
Total comprehensive (expenses)/income for the financial year	-	-	(552,055)	61,522	-	(157,640)	(648,173)
<u>Transactions with owners</u>							
Dividends paid	-	-	-	-	-	(30,000)	(30,000)
Total transactions with owners	-	-	-	-	-	(30,000)	(30,000)
At 31 December 2022	<u>300,000</u>	<u>300,000</u>	<u>(629,118)</u>	<u>(1,156)</u>	<u>(128,888)</u>	<u>1,832,959</u>	<u>1,373,797</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	Financial year ended	
		Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(499,960)	(394,382)
Adjustments for:			
Depreciation of property, plant and equipment		134,761	102,809
Depreciation of right-of-use assets		6,540	7,466
Amortisation of intangible assets		2,605	2,723
Inventories (written back)/written down		(19,698)	82,989
Impairment of receivables		169	-
Impairment of plant and equipment		-	12,108
Amortisation of upfront and commitment fees for borrowings		3,387	2,563
Interest expense		110,488	53,526
Interest income		(15,456)	(20,471)
Gain on modification of lease contracts		(15)	-
Reversal of provision for obsolete inventories		(171)	-
Net fair value loss/(gain) on derivative financial instruments – unrealised		54,483	(75,665)
Net foreign exchange loss/(gain) – unrealised		75,918	(126,694)
Operating loss before changes in working capital		(146,949)	(353,028)
Changes in working capital:			
Inventories		130,376	(12,286)
Trade and other receivables		457,347	(129,057)
Trade, other payables, contract liabilities and amounts due to penultimate holding company, immediate holding company and related company		(475,154)	502,633
Cash (used in)/generated from operating activities		(34,380)	8,262
Interest received		15,456	20,471
Tax refund		174	-
Tax paid		(4,311)	(12,171)
Net cash flows (used in)/generated from operating activities		(23,061)	16,562
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(246,663)	(150,113)
Purchase of intangible assets		-	(290)
Net cash flows used in investing activities		(246,663)	(150,403)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,494,133)	(1,840,106)
Proceeds from borrowings		1,562,225	2,740,325
Interest paid		(109,328)	(63,048)
Repayment of principal portion of lease liabilities		(7,305)	(7,996)
Restricted cash for borrowing facilities		92,483	4,245
Dividends paid		-	(30,000)
Net cash flows generated from financing activities		43,942	803,420
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(225,782)	669,579
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		1,233,608	584,536
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		11,962	(20,507)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>A22</b>	<b>1,019,788</b>	<b>1,233,608</b>

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 interpretations which became effective on 1 January 2023:

#### (a) Amendments to published standards that are effective for financial year 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
- Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

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 – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (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)
- Amendments to MFRS 107 and MFRS 7 – Supplier Finance Arrangements (effective on or after 1 January 2024)
- Amendments to MFRS 121 – Lack of Exchangeability (effective on or after 1 January 2025)

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 year 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 December 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 December 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 ended		Financial year ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000	RM'000	RM'000
Sale of oil products				
- Refined	5,018,336	4,263,053	15,396,345	21,137,676
- Crude oil	929	1,027	2,895	4,617
	<u>5,019,265</u>	<u>4,264,080</u>	<u>15,399,240</u>	<u>21,142,293</u>

**A9 Loss per share**

	Quarter ended		Financial year ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
Net loss for the financial year (RM'000)	(274,647)	(232,102)	(488,570)	(157,640)
Weighted average number of ordinary shares in issue ('000)	300,000	300,000	300,000	300,000
Basic/diluted loss per share (sen)	(91.55)	(77.37)	(162.86)	(52.55)



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

**A10 Loss before taxation**

	Quarter ended		Financial year ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000	RM'000	RM'000
<i>The loss before taxation is arrived at after (crediting)/ charging:</i>				
Interest income	<b>(2,391)</b>	(9,839)	<b>(15,456)</b>	(20,471)
Liquidated damages	-	(4,388)	-	(19,590)
Insurance claims	-	-	<b>(9,847)</b>	(950)
Gain on modification of lease contracts	<b>(3)</b>	-	<b>(15)</b>	-
Amortisation of upfront and commitment fees for borrowings	<b>97</b>	1,585	<b>3,387</b>	2,563
Interest expense	<b>34,889</b>	23,051	<b>110,488</b>	53,526
Depreciation of property, plant and equipment	<b>37,101</b>	29,768	<b>134,761</b>	102,809
Depreciation of right-of-use assets	<b>1,073</b>	1,846	<b>6,540</b>	7,466
Amortisation of intangible assets	<b>644</b>	686	<b>2,605</b>	2,723
Impairment of plant and equipment	-	-	-	12,108
Impairment of receivables	-	-	<b>169</b>	-
Inventories written down/(written back)	<b>24,752</b>	(65,789)	<b>(19,698)</b>	82,989
Reversal of provision for obsolete inventories	<b>(171)</b>	-	<b>(171)</b>	-
Foreign exchange loss/(gain) – realised	<b>14,680</b>	167,753	<b>(10,333)</b>	240,628
Foreign exchange (gain)/loss – unrealised	<b>(49,422)</b>	(193,777)	<b>75,918</b>	(126,694)
Fair value loss on derivative financial instruments	<b>145,584</b>	461,939	<b>507,440</b>	1,697,473

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 ended		Financial year ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000	RM'000	RM'000
<u>Malaysian tax</u>				
Current tax	-	(5,175)	(13)	-
Deferred tax	<b>31,089</b>	(245,499)	<b>(11,377)</b>	(236,742)
	<b>31,089</b>	(250,674)	<b>(11,390)</b>	(236,742)

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

	Quarter ended		Financial year ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	%	%	%	%
Applicable tax rate	(24)	(24)	(24)	(24)
Tax effects in respect of:				
- Expenses not deductible for tax purposes	1	(1)	1	7
- Income not taxable for tax purposes	-	-	(3)	-
- Deferred tax assets not recognised on unutilised tax losses	16	-	17	-
- Reversal of reinvestment allowance previously recognised	20	-	10	-
- Effects of recognition of reinvestment allowance	-	(27)	-	(43)
- Overprovisions in prior years	-	-	(3)	-
	<b>13</b>	(52)	<b>(2)</b>	(60)

During the current quarter under review, deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available for utilisation prior to the expiry of the tax benefits.

**A12 Dividend**

The Company did not declare any dividend for the current quarter ended 31 December 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 December 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 19 February 2024 (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 those 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 December 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 December 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:

	<b>Contract/ Notional amount USD'000</b>	<b>Assets RM'000</b>	<b>(Liabilities) RM'000</b>
<u>Financial assets/(liabilities) – Level 2</u>			
<u>31.12.2023</u>			
Forward foreign currency contracts	193,000	-	(10,068)
Forward priced commodity contracts	23,875	3,424	-
Commodity swap contracts	248,500	11,679	(10,712)
Refining margin swap contracts	55,717	5,913	(149,887)
<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 December 2023, 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**

	<u>As at</u> <u>31.12.2023</u>	<u>As at</u> <u>31.12.2022</u>
	RM'000	RM'000
Current	705,220	705,739
1 to 30 days past due	59,592	12,372
31 to 180 days past due	518	630
More than 180 days past due	169	675
	<u>765,499</u>	<u>719,416</u>
Less: Impairment of receivables	<u>(169)</u>	<u>-</u>
	<u><u>765,330</u></u>	<u><u>719,416</u></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 year.

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:

	<u>As at</u> <u>31.12.2023</u>	<u>As at</u> <u>31.12.2022</u>
	RM'000	RM'000
<u>Secured</u>		
Medium term notes, short-term loans and revolving credits	1,720,881	1,608,947
Less: Amount repayable within 12 months	<u>(1,216,366)</u>	<u>(1,004,703)</u>
Amount repayable after 12 months	<u>504,515</u>	<u>604,244</u>
Currency profile of borrowings:		
- USD	708,520	675,689
- MYR	<u>1,012,361</u>	<u>933,258</u>



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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	1,562,225	2,740,325
Repayment of borrowings (includes interest paid)	(1,584,496)	(1,884,752)
Non-cash changes:		
- Interest accrued	91,110	49,321
- Amortisation of upfront and commitment fees for borrowings	3,387	2,563
- Capitalisation of upfront and commitment fees for borrowings	-	(7,218)
- Unrealised foreign exchange loss/(gain)	39,708	(89,589)
As at		
- 31 December 2023	1,720,881	-
- 31 December 2022	-	1,608,947

(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	(7,373)	(8,355)
Non-cash changes:		
- New lease liabilities recognised	409	-
- Modification on lease contracts	(297)	-
- Interest expenses	68	359
As at		
- 31 December 2023	912	-
- 31 December 2022	-	8,105



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

#### A22 Cash and cash equivalents

	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
<u>Cash and cash equivalents comprise of:</u>		
Bank balances	1,028,529	1,334,832
Less: Restricted cash	<u>(8,741)</u>	<u>(101,224)</u>
	<b><u>1,019,788</u></b>	<b><u>1,233,608</u></b>

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

#### A23 Capital commitments

Capital commitments are as follows:

	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
<u>Plant and equipment</u>		
Approved and contracted for	52,842	44,414
Approved but not contracted for	<u>4,192</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 ended		Financial year ended	
	<u>31.12.2023</u> RM'000	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	<u>31.12.2022</u> RM'000
Transactions with immediate holding company				
- Freight and freight brokerage services in relation to purchase of crude oil	<u>-</u>	<u>-</u>	<u>-</u>	<u>(455)</u>
- Central management and administrative charges	<u>(1)</u>	<u>(541)</u>	<u>(504)</u>	<u>(2,282)</u>
Transactions with an affiliated company				
- Central management and administrative charges	<u>(2,435)</u>	<u>(2,795)</u>	<u>(10,553)</u>	<u>(9,972)</u>
- Technical advisory support	<u>(5,057)</u>	<u>(4,991)</u>	<u>(20,109)</u>	<u>(19,801)</u>
- Rental of premises	<u>(118)</u>	<u>(60)</u>	<u>(457)</u>	<u>(151)</u>
Transactions with penultimate holding company				
- Technical consultancy and project support services	<u>-</u>	<u>(2,070)</u>	<u>-</u>	<u>(2,993)</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 and financial year

	Quarter ended				Financial year ended			
	<u>31.12.2023</u>	<u>31.12.2022</u>	Variance	%	<u>31.12.2023</u>	<u>31.12.2022</u>	Variance	%
	RM'mil	RM'mil	RM'mil		RM'mil	RM'mil	RM'mil	
Revenue	<b>5,019</b>	4,264	<b>755</b>	18	<b>15,399</b>	21,142	<b>(5,743)</b>	-27
Gross (loss)/ profit plus fair value changes in oil hedges recognised within other operating gains/(losses)	<b>(138)</b>	(393)	<b>255</b>	65	<b>64</b>	120	<b>(56)</b>	-47
Loss after taxation	<b>(275)</b>	(232)	<b>(43)</b>	-19	<b>(489)</b>	(158)	<b>(331)</b>	>-100

Improvement in revenue for the current quarter ("Q4 2023") against Q4 2022 was mainly attributed to higher sales volume resulting from improved plant efficiency following the completion of the Major Turnaround (MTA) exercise in August 2023.

Nevertheless, the MTA exercise had affected the full year plant production resulting in lower sales volume in FY2023 by 14% as compared to FY2022. Furthermore, the average product market prices also dropped by 13% as compared to FY2022. This resulted in the drop in revenue from RM21.1mil in FY2022 to RM15.4mil in FY2023.

Q4 2023 gross loss reduced as compared to Q4 2022 due to improved Mogas cracks and impact on stockholding position. However, overall FY2023 performance was weaker than FY2022 due to lower cracks for Gasoil and Jet A1 coupled with hedging loss.

#### B2 Financial review for current quarter compared with immediate preceding quarter

	Quarter ended			
	<u>31.12.2023</u>	<u>30.09.2023</u>	Variance	%
	RM'mil	RM'mil	RM'mil	
Revenue	<b>5,019</b>	2,456	<b>2,563</b>	>100
Gross (loss)/profit plus fair value changes in oil hedges recognised within other operating gains/(losses)	<b>(138)</b>	169	<b>(307)</b>	>-100
(Loss)/Profit after taxation	<b>(275)</b>	2	<b>(277)</b>	>-100

Higher revenue in Q4 2023 was mainly contributed by higher sales volume as compared to Q3 2023, which was affected by the MTA exercise undertaken in July and August 2023.

The Q4 2023 result were affected by the weakening of cracks across all main products and unfavourable crude price movement resulting in stockholding loss.



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

**B3 Current year prospects**

The crude oil supply and demand continue to be challenged by geopolitical risk and slowdown in global economic activities that could lead to unpredictable crack margin.

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

**B4 Profit forecast**

The Company does not issue any profit forecast.

**BY ORDER OF THE BOARD**

Chua Chia Kee (MAICSA 7078002)  
Ong Wai Leng (MAICSA 7065544)  
Company Secretaries

Kuala Lumpur  
26 February 2024