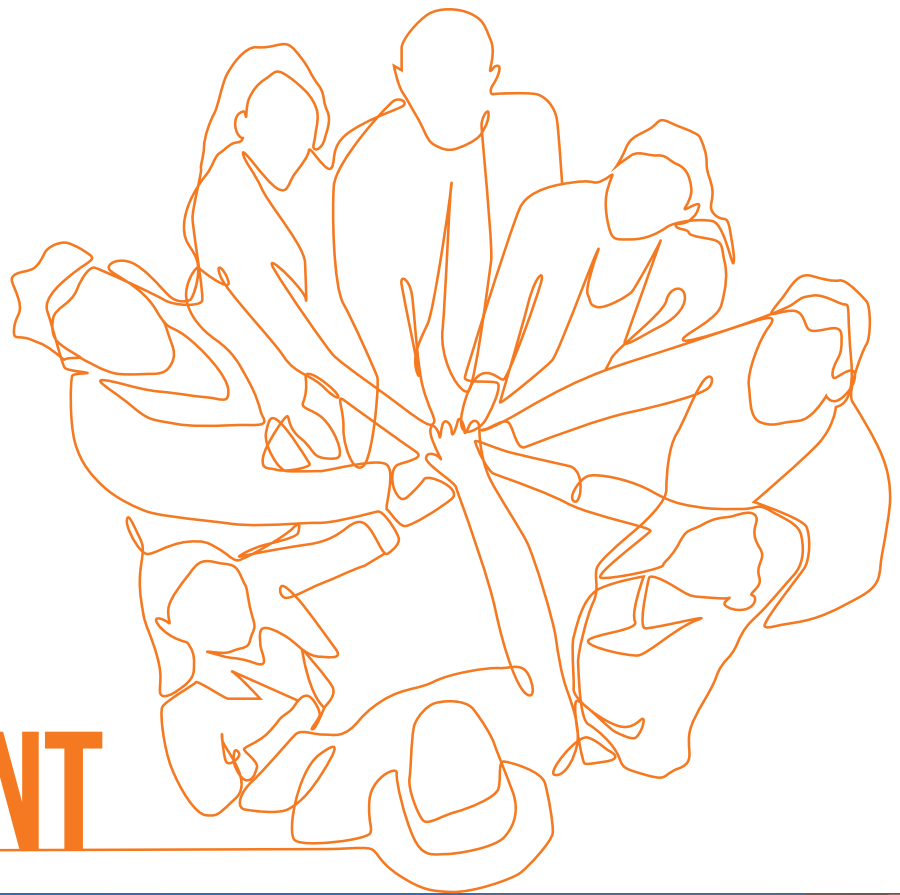




Hengyuan Refining Company Berhad
Registration No. 196001000259 (3926-U)

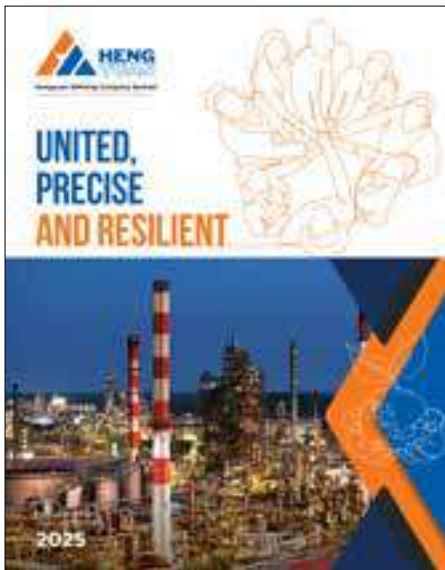
UNITED, PRECISE AND RESILIENT



INTEGRATED
ANNUAL REPORT
2025

COVER RATIONALE

UNITED, PRECISE AND RESILIENT



The cover theme signifies the fundamental attributes of Hengyuan Refining Company (“HRC” or “the Company”), which were well exemplified by the Company and its workforce throughout 2025. A common, shared purpose and a focus on timely and execution, driven by technical excellence have propelled HRC to improve - developing cost efficiency, better performance and maintenance of excellence with regard to Quality, Health, Safety, Security and Environment (QHSSE).

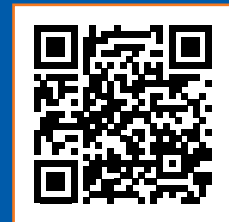
The visual identity and design illustrates HRC’s refreshed brand elements introduces a sharper, more contemporary identity, underscoring its readiness to evolve while remaining grounded in its core strengths. Together, these elements convey the artistic impression or message of a company that remains ready, relevant and market attuned in navigating the complexities of an ever-changing energy landscape.

Abbreviation:

HRC or the Company refers to the listed entity of Hengyuan Refining Company Berhad.



This Integrated Annual Report is also accessible via www.hrc.com.my



Scan here to view our Integrated Annual Report online

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About This Report



INTRODUCTION

Hengyuan Refining Company Berhad (“HRC” or “the Company”) publishes its Integrated Annual Report 2025 (IAR2025) in respect of the Company’s financial year ended 31 December 2025.



Hydrogen Manufacturing Unit (HMU)

The IAR2025 is intended not only to meet the disclosure requirements of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (MMLR), but also to provide readers with a comprehensive account of how HRC has continued to progress on its journey of sustained stakeholder value creation throughout 2025. Hence, the continued provision of strategic disclosures based on the Integrated Reporting Principles Based Framework.

In line with the implementation of the National Sustainability Reporting Framework (NSRF) by the Securities Commission (SC) and Bursa Malaysia Berhad, the contents of IAR2025 have also been developed to progressively align with NSRF disclosure requirements.

IAR2025 marks a transition for HRC, as the Company begins to shift from an Integrated Reporting-led approach towards the development of IFRS-aligned disclosures presented in a more structured and prescribed format.

With the NSRF mandating a climate first approach for disclosure, HRC has in IAR2025 provided material information on climate-related risks and opportunities (CRROs), that may reasonably be expected to influence the Company’s cash flows, financing access, or cost

of capital over the short, medium, and long term. The disclosures encompass impacts arising from the Company’s own operations as well as those occurring, or potentially occurring, across its value chain. In developing the contents of IAR2025, HRC has drawn guidance from the Illustrated Sustainability Reports (ISR) issued by the SC under its PACE¹ initiative.

This Integrated Annual Report should be read together with the Company’s financial statements for the year ended 31 December 2025. The financial statements have been prepared in accordance with the MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia. The reporting period for this report is fully aligned with that of the Company’s financial statements.

All monetary amounts used to measure and present material sustainability-related risks and opportunities are expressed in Ringgit Malaysia (RM), consistent with the currency applied in the Company’s audited financial statements (AFS) for 2025.

¹ PACE: (Policy, Assumptions, Calculators, Education) is an initiative by the Securities Commission Malaysia to support companies in adopting the National Sustainability Reporting Framework (NSRF).

About This Report

BASIS OF PREPARATION

IAR2025 is developed in alignment with the sustainability-related disclosure requirements of the IFRS Sustainability Disclosure Standards. The Company applies the proportionality mechanisms and reliefs under the NSRF as follows:

1. Use of reasonable and supportable information

The Company shall use all reasonable and supportable information available at the reporting date, without undue cost or effort, in the following areas:

- Identifying CRROs
- Scope of value chain
- Anticipated financial effects
- Climate scenario analysis
- Scope 3 emissions measurement
- Climate-related metrics (physical risks, transition risks, opportunities)

2. Application of a commensurate approach

The Company shall adopt an approach that is commensurate with its skills, capabilities, and available resources (qualitative approach) for:

- Anticipated financial effects
- Climate scenario analysis

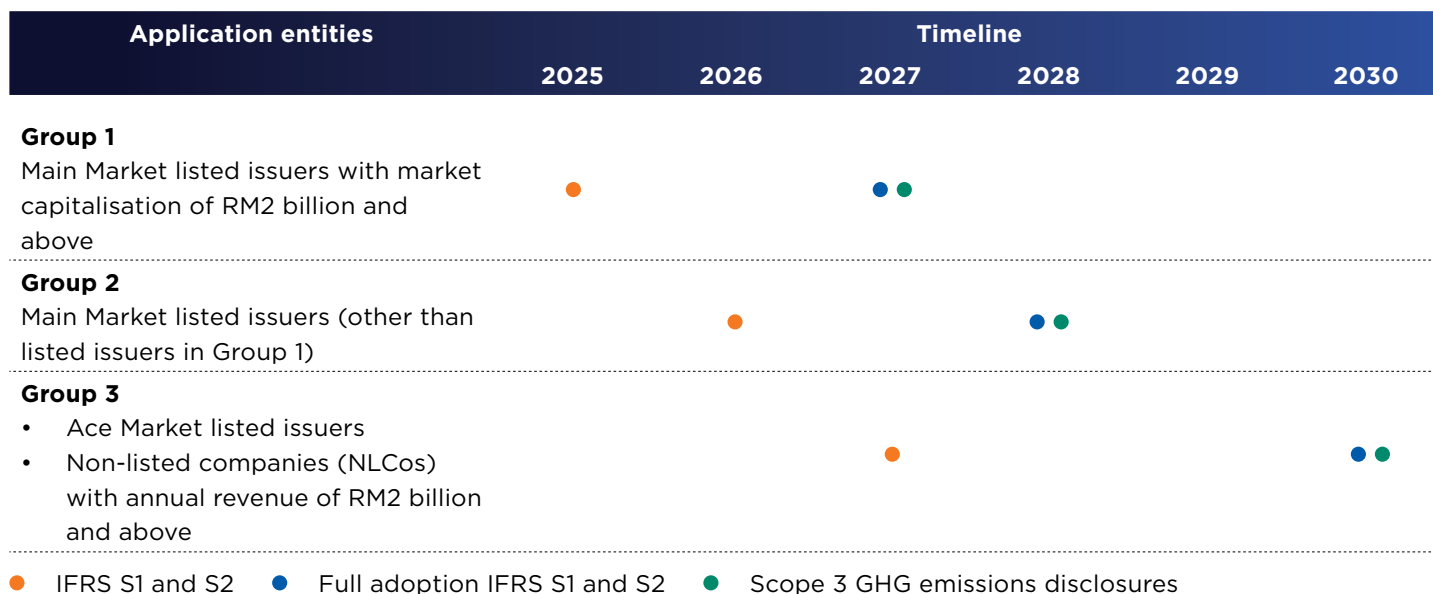
Disclosure of SRROs and CRROs

Climate-only disclosures for the first two years Group 1 and Group 2 companies) and three years (Group 3 companies) of application.

GHG Emissions Measurement & Scope 3

Non-GHG protocol methods can continue to be used (i.e. ongoing jurisdictional-specific standard). **Scope 3 exempted** first two years (Group 1 and Group 2 companies) and three years (Group 3 companies) of application.

IMPLEMENTATION OF THE NSRF



About This Report

Where applicable, disclosures in IAR2025 include references to the relevant paragraphs and requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. These references are intended to illustrate the level of alignment achieved during the reporting period and to support the Company's pathway towards full compliance in subsequent reporting periods.







In addition, the Company has reviewed and considered the applicable industry-based disclosure requirements issued by the International Sustainability Standards Board (ISSB) and the Sustainability Accounting Standards Board (SASB). Following this assessment, selected disclosure topics and metrics from the SASB Oil and Gas Midstream and SASB Oil and Gas Refining and Marketing

Sector Standards have been identified as material and included by the Company. Kindly refer to the Determining Materiality section for further details on HRC's approach to identifying its material CRROs.

Sustainability-related disclosures required under the Main Market Listing Requirements (MMLR), including those prescribed in the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), are provided in the Company's standalone Sustainability Report 2025 (SR2025). SR2025 has been prepared to meet applicable regulatory requirements and the information needs of other stakeholders, as well as to support alignment with other relevant sustainability reporting frameworks and standards.

ALIGNMENT WITH OTHER REPORTING FRAMEWORKS AND STANDARDS

Aside from the NSRF, determination of content for IAR2025 continues to also take into account requirements/guidelines provided in the principles-based framework of Integrated Reporting as follows:

<p>6 Capitals</p> <ul style="list-style-type: none">  Financial  Manufactured  Intellectual  Human  Social  Natural 	<p>7 Guiding Principles</p> <ol style="list-style-type: none"> 1 Strategic focus and future orientation 2 Connectivity of Information 3 Conciseness 4 Reliability and completeness 5 Consistency and comparability 6 Materiality 7 Stakeholder relationships 	<p>8 Content Elements</p> <ul style="list-style-type: none"> • Organisational overview and external environment • Governance • Business model • Risks and opportunities • Strategy and resource allocation • Performance • Outlook • Basis of preparation and presentation
--	---	---

IAR2025 also continues to comply/align or reference the following reporting standards and frameworks or regulatory requirements:

- Companies Act 2016 (Act)
- Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance 2021 (MCCG 2021)
- Bursa Malaysia Sustainability Reporting Requirements - Third Edition
- Malaysian Financial Reporting Standards (MFRS)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards:
- United Nations Sustainable Development Goals (UNSDG)

About This Report

REPORTING SCOPE AND BOUNDARY

IAR2025's contents have been determined based on an Operational Control approach for determining data, information and disclosures that are material for inclusion. The boundary for CRROs is consistent with the boundary set for the audited financial statements. The Operational Control boundary is defined as follows:

A company has the full authority to introduce and implement operational policies, notwithstanding the legal ownership of the asset. This encompasses the Process/Utilities, Oil Movements, Jetty, Marshalling Yard Gantry, building facilities and all other assets owned and operated by HRC within the premises of the refinery.

Management has also provided relevant data and disclosures from HRC's regional office to provide better business and operational context of the Company's business model and its performance for 2025.

REPORTING BOUNDARY FOR GHG EMISSIONS

In determining GHG emissions disclosures across all three Scopes 1, 2 and 3, HRC has applied a similar operational control boundary as per its AFS and the determination of CRROs.

HRC applies internationally recognised methodologies such as API 2021, IPCC 2006, and ISO 14064 to ensure consistency and accuracy in determining GHG emissions calculations. In determining material upstream and downstream Scope 3 GHG emissions, HRC applies the GHG Protocol Corporate Value Chain Standard 2011 ('Scope 3 Standard').

EXCLUSIONS AND LIMITATIONS

Given that this is the first year of alignment to the NSRF and IFRS S1 and S2 disclosures, HRC has applied the principle of proportionality, ensuring that the use of information is limited to what is reasonable, supportable and available without undue cost and effort, while prioritising qualitative over quantitative approaches in developing disclosures.

The Company aims to strengthen its reporting in accordance with the relevant frameworks progressively by investing in capacity building and development, strengthening data collection infrastructure and systems and promoting more integrated thinking within management by establishing clearer financial materiality for sustainability matters.

AUDIT AND ASSURANCE

Financial statements in IAR2025 have been audited by KPMG PLT. To ensure the accuracy and integrity of the sustainability disclosures, selected sustainability matters and indicators of the SR2025 have been subjected to limited assurance internal review by the Company's internal auditors. The Company also engaged external consultant in carrying out the limited assurance external review on Greenhouse Gas (GHG) inventory verification based on ISO 14064-1 standard requirements.

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of HRC and its Senior Management have applied its collective judgement to present a balanced and comprehensive integrated annual report based on good governance practices and guided by the Integrated Reporting Principles-Based Framework.

FORWARD LOOKING STATEMENTS

IAR2025 includes forward looking statements, where applicable. While these future based disclosures were prepared using information available at a specific time, Management wishes to emphasise that the dynamic nature of the external operating environment may result in significant changes, new developments, or additional information, that could cause such forward-looking statements in IAR2025 to be inconclusive or not reflective of actual future outcomes.







While every care and precaution have been taken to ensure that forward looking statements are reasonable and fair, these statements are based on assumptions, assessments, expectations, forecasts, and projections that may change in line with developments in the operating environment, which are beyond the control of HRC.

Readers are advised to undertake their own due diligence and not to rely solely on the forward-looking statements contained in IAR2025; in making any investments or any other financially material decision. HRC shall not be held liable for any damages or negative repercussions attributed to the forward-looking statements presented in IAR2025.









About This Report

ICONS

In promoting report conciseness, IAR2025 utilises icons as follows:

<p> Financial Capital Refers to all financial resources that HRC deploys in the execution of its business model and generates accordingly. This includes cash and bank balances, borrowings, retained earnings, shareholders' equity and investments. Financial outputs typically comprise revenues, earnings, sales and dividends.</p>	<p> Human Capital HRC's talent pool of employees who work across the business. This includes their skills, competencies, professional capabilities as well as employee morale and satisfaction.</p>
<p> Manufactured Capital Refers to all plant, machinery, assets and equipment deployed throughout the business model towards generating produced goods and services. For HRC, this would be primarily its refining facility and cracked (refined) products.</p>	<p> Social Capital Primarily comprising stakeholders' perceptions of HRC's operations, especially from community and regulatory stakeholders. Given HRC's business model comprising refinery operations, social capital is material to the Company's ability to operate. Hence, the emphasis on social capital in terms of relationship building, stakeholder engagement and management and more.</p>
<p> Intellectual Capital Primarily comprising business strategies, proprietary systems and processes, internal methodologies and technology. Intellectual property also includes the competencies, capabilities and experience of the Board and Senior Management.</p>	<p> Natural Capital Comprises all physical resources sourced from the natural environment. This includes crude oil, energy, water, land and other resources. Outputs include regulatory compliant effluents and emissions as well as noise levels.</p>


CONTENT SECTION ICONS:


 Corporate Profile	 Chairman's Statement	 Our External Operating Environment	 Our Business Strengths
 SR2025	 Management Discussion and Analysis	 Risks and Opportunities to Value Creation	 Strategic Priorities

MATERIAL TOPICS ICONS:

 M1 Economic Performance	 M5 Supply Chain Management	 M9 Water & Effluent Management	 M13 Health and Safety
 M2 Product Quality	 M6 Ethics and Integrity	 M10 Waste Management	 M14 Local Community
 M3 Customer Management	 M7 Climate Change and Greenhouse Gas Emissions	 M11 Employee Value Proposition	
 M4 Reliable Operations And Production	 M8 Energy Management	 M12 Diversity and Equal Opportunities	

NAVIGATION ICONS:

 This icon tells you where you can find related information in this report.

 This icon tells you where you can go for more information online.

FEEDBACK

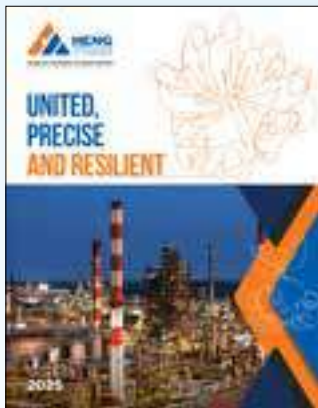
Feedback, suggestions or enquiries on this report may be sent to:
rcpd-corporate-affairs@hrc.com.my

About This Report

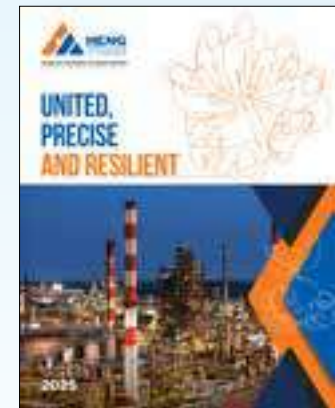


OUR REPORTING SUITE

IAR2025



SR2025

Corporate Governance Report
(CG 2025)

Provides an integrated, strategic perspective on HRC's financial, business and operational performance as well as on sustainability risks and opportunities that are material to stakeholder value creation and the continued sustainability of the Company, over short, medium and long-term horizons. Hence, disclosures contained in IAR2025 include information on HRC's business model, its external operating environment, material sustainability and climate related risks and opportunities, implemented strategic responses and values created across a multi-capital perspective for all stakeholders.

Detailed information in relation to HRC sustainability performance from an impact materiality perspective, providing comprehensive disclosures on how the Company has progressed on various environmental, social and governance (ESG) topics and indicators. Disclosures are also made in accordance to the disclosure requirements of main market listed companies as stipulated by Bursa Malaysia, GRI and FTSE4Good Bursa Malaysia Index (FAGBMI).

Standalone report on HRC's alignment to the corporate governance practices prescribed by the Malaysia Code of Corporate Governance. This includes practices applied with regard to corporate integrity, audit, directors' independence, establishment of effective risk management and mitigation and robust internal controls and oversight as well as empowerment of shareholders

The report can be downloaded at: https://hengyuanrefining.listedcompany.com/misc/HRC-CG_Report_2025.pdf.

Our Strategic Compass

Our Vision

To be a leading global energy and petrochemical company, pioneering sustainable solutions.

Our Mission

We are committed to safeguard our operational integrity, be bold in our innovations, leverage the strength of our people, and to maximise stakeholder value.



Our Core Values

“ HRC’s corporate philosophy is driven by its Vision and Mission and is supported by its chosen organisational ICARE values, which are aimed to continuously develop a conducive working culture centred on professionalism, passion, merit and commitment towards sustaining high-performance. ”

Culture is viewed as the pathway towards effective implementation of business strategies, in driving innovative thinking, in supporting effective talent management and ultimately, realising the Vision and Mission and enabling value creation.

OUR CORE VALUES


I

INTEGRITY

- Honesty
- Ethical
- Openness
- Transparent
- Speak-up
- Speak the truth
- Hold to higher standards
- Walk the talk


C

COLLABORATION

- Teamwork
- Creating lasting partnerships
- Nurturing
- Making things happen together


A

ACCOUNTABILITY

- Doing the right thing the right way
- “I take responsibility over my actions”
- “No passing on of responsibility, the buck stops with me”
- Going the extra mile
- Leadership at all levels


R

RESPECT

- Care for each other
- Respect our stakeholders
- Diversity, Equity & Inclusion
- Treat others as you want to be treated


E

ENTREPRENEURIAL

- Treat this as my own business by having an entrepreneurial mindset
- Proactive and nimble to take on new opportunities
- Courage to step outside the comfort zone
- Challenge status quo for better efficiencies
- Passionate
- Energetic

General Business Principles

“ HRC’s approach to sustainability is embedded in the way we conduct our business. We integrate economic, environmental and social considerations into our decision-making processes, from strategic planning through day-to-day operations. This commitment is guided by eight core business principles that shape how we operate and create long-term value. ”

Business Integrity



At HRC, integrity, transparency, and fairness underpin the way we conduct our business. The Company maintains a zero-tolerance approach towards bribery, corruption and unethical conduct, supported by an Anti-Bribery and Corruption Management System that is based on the ISO 37001:2016 globally recognised anti-bribery management system and framework.

All employees and relevant business partners are held to these standards. Any form of improper payment, favour, or material gain intended to influence decisions or compromise authority is strictly prohibited, including facilitation payments, which are treated unequivocally as bribes. Employees are required to identify, declare, and manage any potential or actual conflicts of interest to safeguard the Company’s credibility and decision-making. Transactions are required to be recorded and conducted in accordance with established policies, procedures and controls. Through these measures, HRC reinforces a culture of accountability, ethical discipline, and operational excellence.

Quality, Health, Safety, Security & Environment (QHSE)



HRC adopts a rigorous, systematic approach to health, safety, security, and environmental management, recognising these as critical business imperatives. We establish clear standards, set measurable targets, and rigorously monitor performance to ensure continuous improvement across all operations. Our commitment extends to minimising environmental impacts from our operations, products, and services. By embedding QHSE principles into every aspect of the business, we protect our workforce, safeguard communities, and drive sustainable operational excellence.

A notable distinction of HRC’s approach to QHSE is its readiness of its assets and people as well as the extensive firefighting and emergency facilities and equipment. HRC boasts its own firefighting engine/truck, which is fully equipped to combat a wide range of fires and other emergencies. The Company also has a well-trained, in-house fire-fighting quick reaction team as well as medical personnel on site to ensure an effective first response to any emergency.



Community Wellbeing



HRC recognises that as a refinery operating in proximity to established residential communities, maintaining constructive, transparent and accountable relationships with stakeholders is fundamental to sustaining its licence to operate and preserving long-term enterprise value. Guided by global sustainability principles, the Company is committed to ensuring that its operations are conducted in full compliance with applicable environmental, safety and regulatory requirements. Potential impacts to surrounding communities, including environmental emissions, effluents, noise and safety-related matters, are managed through established operational controls, continuous environmental monitoring programmes and structured emergency preparedness frameworks.

Community considerations are embedded within HRC’s governance architecture and risk management processes. Stakeholder engagement outcomes and community-related

concerns are evaluated alongside operational and compliance risks within the Company’s Enterprise Risk Management framework. Where necessary, matters are escalated through defined management channels to ensure appropriate review and response.

HRC maintains structured engagement platforms with community representatives and relevant authorities, complemented by accessible grievance communication channels. Concerns raised are logged, assessed and assigned to responsible functions for timely resolution. The Company monitors recurring themes to inform operational improvements and communication enhancements. Through this structured and governance-led approach, HRC seeks to promote operational resilience, regulatory confidence and sustainable value creation for both shareholders and surrounding communities.

General Business Principles

Free and Fair Competition

HRC is fully committed to upholding the principles of free enterprise and fair competition. We conduct all business activities in strict compliance with applicable competition and antitrust laws, competing ethically and transparently. We do not engage in practices that restrict market competition.

Interactive Engagement

HRC values open, transparent, and ongoing engagement with its stakeholders. We are committed to providing accurate, relevant, and timely information to parties with a legitimate interest in our operations, while appropriately safeguarding sensitive business information where required. Our stakeholder engagement approach is built on active listening, responsiveness, and accountability. In relation to engagement with employees, business partners, or local communities, we prioritise meaningful and constructive dialogue, ensuring that stakeholder's feedback is carefully considered and addressed in a responsible manner. By fostering trust and collaboration, HRC strengthens relationships that support sustainable growth and shared value creation. For more information, please refer to our Stakeholder Engagement section in SR2025.

Continuous Economic Value Creation



HRC recognises that long-term profitability is fundamental to achieving our strategic objectives and sustaining business growth. Strong financial performance provides the resources necessary for ongoing investment, innovation, and the development of future energy solutions to meet evolving customer needs.

We are committed to creating enduring economic value, as it underpins our ability to fulfil responsibilities to employees, investors, customers, and the wider community. All investment and divestment decisions are guided by a comprehensive assessment of sustainable development factors—including economic, social, and environmental considerations—alongside a thorough evaluation of associated risks.

Governance and Compliance

Governance and compliance are supported by enterprise risk management (ERM) processes as part of the Company's Risk and Opportunity Procedures, which come under the oversight of the Board Risk Management Committee and effectively supported by a management level risk function.

We comply with all applicable laws and regulations of Malaysia, and the countries where we have business dealings. We uphold transparent governance practices and ethical decision making, ensuring that our operations adhere to the highest standards of integrity. This approach fosters trust and accountability among our stakeholders. HRC operates with a strong commitment to compliance with the laws of Malaysia and the countries in which we engage.

Continuous Economic Value Creation

A. Of Company

HRC has strengthened its position in enhancing governance, providing improved clarity and reducing interpretive risk. HRC maintains a strict position of political neutrality. The Company does not make political donations or provide financial or in-kind support to political parties, candidates or political organisations. Any engagement with public sector stakeholders is limited to lawful, factual, technical and regulatory matters and is subject to applicable internal controls, including those relating to gifts and hospitality, conflicts of interest and third-party due diligence.

The section now clearly aligns with the Company's Anti-Bribery and Corruption Management System (ISO 37001), and references established internal controls governing gifts and hospitality, conflict-of-interest disclosures and third-party due diligence. Oversight is articulated through Risk and Integrity functions, with defined escalation pathways to Management and the Board, where appropriate.

Collectively, these refinements reduce ambiguity and reinforce anti-corruption maturity and aligns with FTSE expectations and institutional investor standards while maintaining strict political neutrality.

B. Of Employees

HRC respects the rights of our employees to exercise their freedom of conscience to have political views and opinions and to participate in legal political processes or parties. These include participating in the activities of political parties and holding positions of public office so long as these do not interfere or jeopardise an employee's ability to continue fulfilling his responsibilities to the Company.

Workplace Highlights



Zero
Product Quality Incidents



Incident free pit-stop
activity achieved in **2025**



2,125
Incident prevention via
near miss potential incident
reporting submissions

Daily safety walkabout



AT A GLANCE



Business Highlights

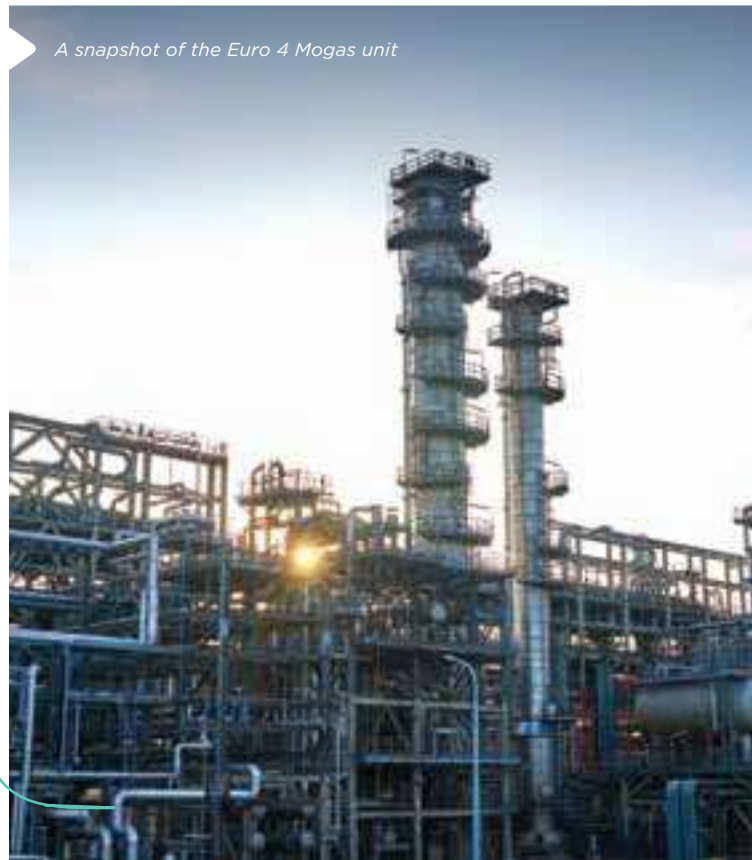


Production
Volume
35.8
million barrels



95.2%
Plant
Availability

A snapshot of the Euro 4 Mogas unit



At a Glance

Sustainability Highlights



Prime Minister's Hibiscus Award 2024/2025 Recognition

Received national-level recognition under the Prime Minister's Hibiscus Award 2024/2025, reflecting strengthened environmental governance and management practices.



Improved Asset Reliability Through Maintenance and Efficiency Focus

Reduced unplanned downtime to 0.66% and improved plant availability to 95.2%, supporting sustained production volume of 35.8 million barrels and reflecting stronger maintenance execution and reliability management.



Delivered SWAN Initiatives to Support Women's Development

Delivered SWAN programmes including a CFO-led career talk and engagement activities to support development and stronger community among women employees.



Third-Party Verification of Greenhouse Gases Data

Completed independent limited-assurance verification of FY2025 GHG emissions, strengthening the credibility of our climate data and disclosures.



Reduced Spent Oil-Water Emulsion Generation

Reduced spent oil-water emulsion by 65% to 80 metric tonnes from 227 metric tonnes, supported by treating spent caustic through the ETP.



Expanded OSH Training Coverage

Conducted 59 OSH training courses totalling 536 hours with 373 participants to reinforce the competency and risk awareness across operational roles.



For further details on HRC's sustainability performance, please to the General Business Principles section of this report. Full sustainability performance information and disclosures are provided in SR2025.



Corporate Information



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
(Appointed on 3 March 2025)

BOARD AUDIT COMMITTEE

Peter Ho Kok Wai (Chair)
(Appointed on 3 March 2025)

Surinderdeep Singh Mohindar Singh

Tai Sook Yee

BOARD NOMINATING AND REMUNERATION COMMITTEE

Surinderdeep Singh Mohindar Singh
(Chair)

Wang, YouDe

Li, XiaoXia

BOARD RISK MANAGEMENT COMMITTEE

Li, XiaoXia (Chair)

Tai Sook Yee

Peter Ho Kok Wai
(Appointed on 3 March 2025)

BOARD PROJECTS REVIEW COMMITTEE

Li, XiaoXia (Chair)

Wang, YouDe

Surinderdeep Singh Mohindar Singh

BOARD WHISTLEBLOWING COMMITTEE

Surinderdeep Singh Mohindar Singh
(Chair)

Wang, YouDe

Peter Ho Kok Wai

SECRETARIES

Tan Siew Hong
SSM PC No. 201908001915
MAICSA 7066226

Tan Ai Ning
SSM PC No. 202008000067
MAICSA 7015852

AUDITORS

KPMG PLT
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Tel :03 - 7721 3388
Fax :03 - 7721 3395

SHARE REGISTRAR & AGM HELPDESK

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tel :03 -7890 4700 (Helpdesk)
Fax :03 -7890 4670
Email:bsr.helpdesk@boardroomlimited.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : HENGYUAN

Stock Code : 4324

Sector : Energy

Sub Sector : Oil & Gas Producers

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tel :03 -7890 4800
Fax :03 -7890 4650
Email:info.my@boardroomlimited.com

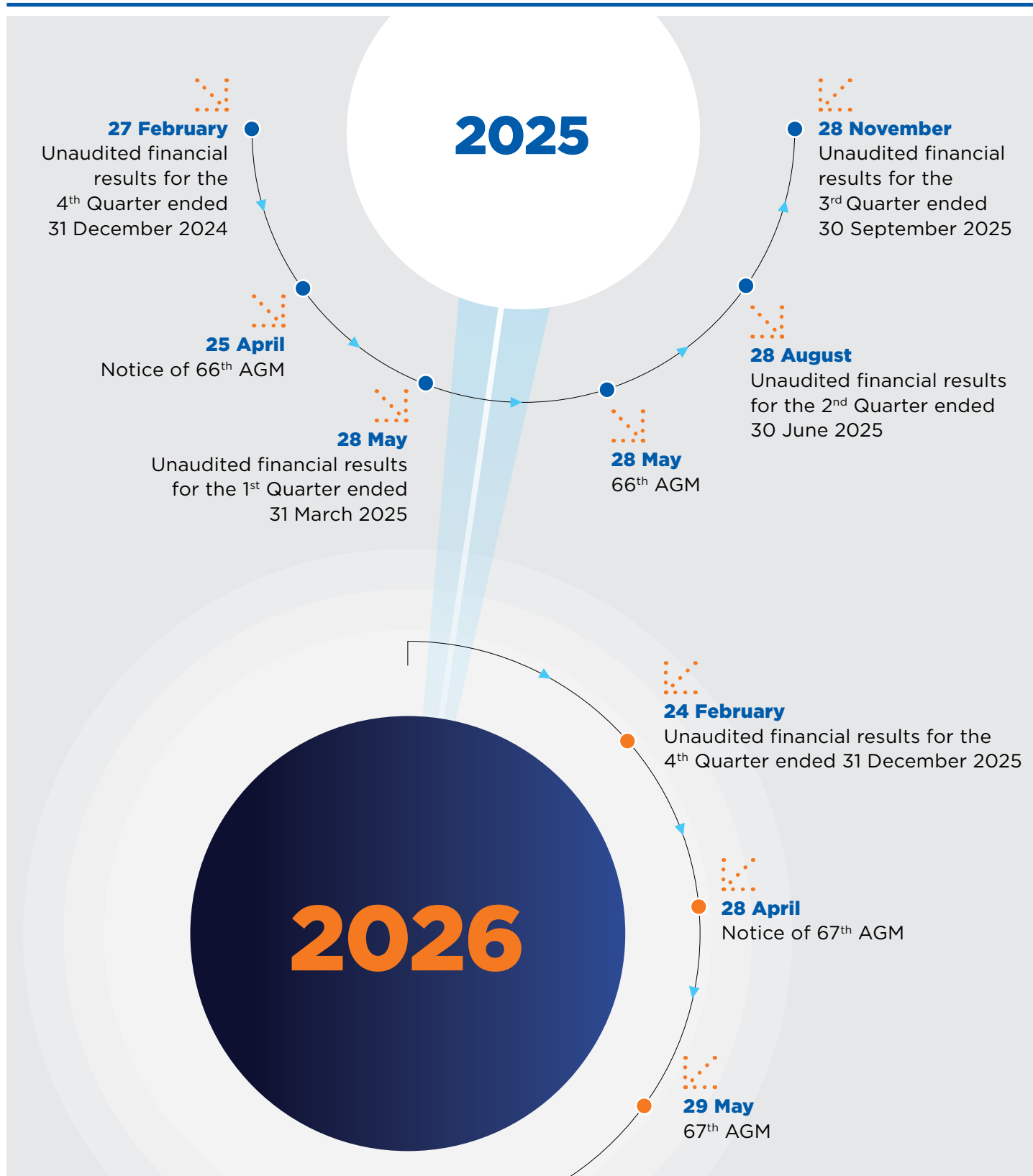
BUSINESS OFFICE ADDRESS

Batu 1, Jalan Pantai
71000 Port Dickson
Negeri Sembilan
Tel :+606-641 2000

CORPORATE OFFICE ADDRESS

Level 9, Menara Allianz Sentral
(NU Tower 1)
Kuala Lumpur Sentral
No 203, Jalan Tun Sambanthan
50470 Kuala Lumpur
Tel :+603-2780 1060

Financial Calendar



Our Business Model



OUR BUSINESS STRENGTHS

HRC's business model is anchored by its inherent business strengths. These are the Company's core competencies that facilitate the effective implementation of the Company's business model and business strategies. Our strengths are embedded across the Company, reflected in all we do and in every aspect of our operations.

Our strengths drive our strategic responses in navigating a turbulent, fast-evolving operating environment, by mitigating risks and leveraging opportunities. Our strengths inspire confidence and provide an impetus to thrive amidst challenges and to secure stakeholder value.

OUR BUSINESS STRENGTHS



Our Heritage

Since 1960, HRC has been a cornerstone of Malaysia's energy industry, particularly within the downstream oil and gas sector. We were the country's first integrated refinery complex with LRCCU capabilities, and we continue to strengthen our refining processes and capacity to meet evolving industry demands.

We have remained a key contributor to the national energy landscape, producing approximately 15% of Malaysia's refined product output each year. We are recognised by our stakeholders for our strong track record in profitability, operational excellence, product quality, innovation, occupational health and safety, and resilience.

Beyond history, our heritage also encompasses a solid reputation for safe, reliable and efficient operations, supported by long-established best practices that continue to earn the trust of our stakeholders, particularly our customers. Beyond operational performance, we place strong emphasis on effective stakeholder engagement, including maintaining constructive relationships with regulatory authorities, vendors, business partners and local communities.

HOW IT'S LEVERAGED TO CREATE VALUE

HRC's longstanding position, track record and branding is particularly leveraged in stakeholder management engagement strategies, particularly with community partners, regulatory bodies and customers.

The established credentials also attest to the company's inherent experience and capabilities, which can be leveraged in engaging with bankers, investors and the financial community, or when undertaking operational strategies to drive improved business performance.

Our Business Model

OUR BUSINESS STRENGTHS



Our Anchor

HRC continues to have the distinctive ability to leverage technical and strategic support from our parent company, Shandong Hengyuan Petrochemical Company Limited (SHPC). SHPC is a leading China state-owned firm from Linyi County, Shandong Province, China.

HOW IT'S LEVERAGED TO CREATE VALUE

The extended support and guidance from our parent company have been significant in developing more competitive supply chains, new customer acquisition and realigning procurement strategies. The support of the parent company has also been instrumental in technology acquisition. This includes assisting HRC in identifying, assessing, and exploring cutting-edge China-based technologies to enhance operational efficiency, innovation, and cost-effectiveness.

OUR BUSINESS STRENGTHS



Our People

Our people, our strength. One of the Company's greatest assets is its human capital, comprising a collective mix of leading, high-calibre industry professionals, well experienced and highly motivated to continue delivering exemplary performance that meets and exceeds industry benchmarks.

HOW IT'S LEVERAGED TO CREATE VALUE

The professionalism of our people, their know-how, technical expertise and morale has been pivotal in successfully undertaking several major upgrades and asset enhancement works. People coupled with technology be instrumental in the delivery of business improvement tactics yielding additional margin upliftment.

OUR BUSINESS STRENGTHS



Our Commitment

We remain resolute and ready to continue serving the country by playing our vital contributory role towards achieving energy security. The supply of refined products at set quality benchmarks fuels the pulse of the nation - driving socio-economic activities and providing a vital driver in continued progress and development.

We shall continue to ensure the highest level of adherence to environmental and social regulatory compliance, aligned with our stakeholders' aspirations and to deliver high-quality products.

HOW IT'S LEVERAGED TO CREATE VALUE

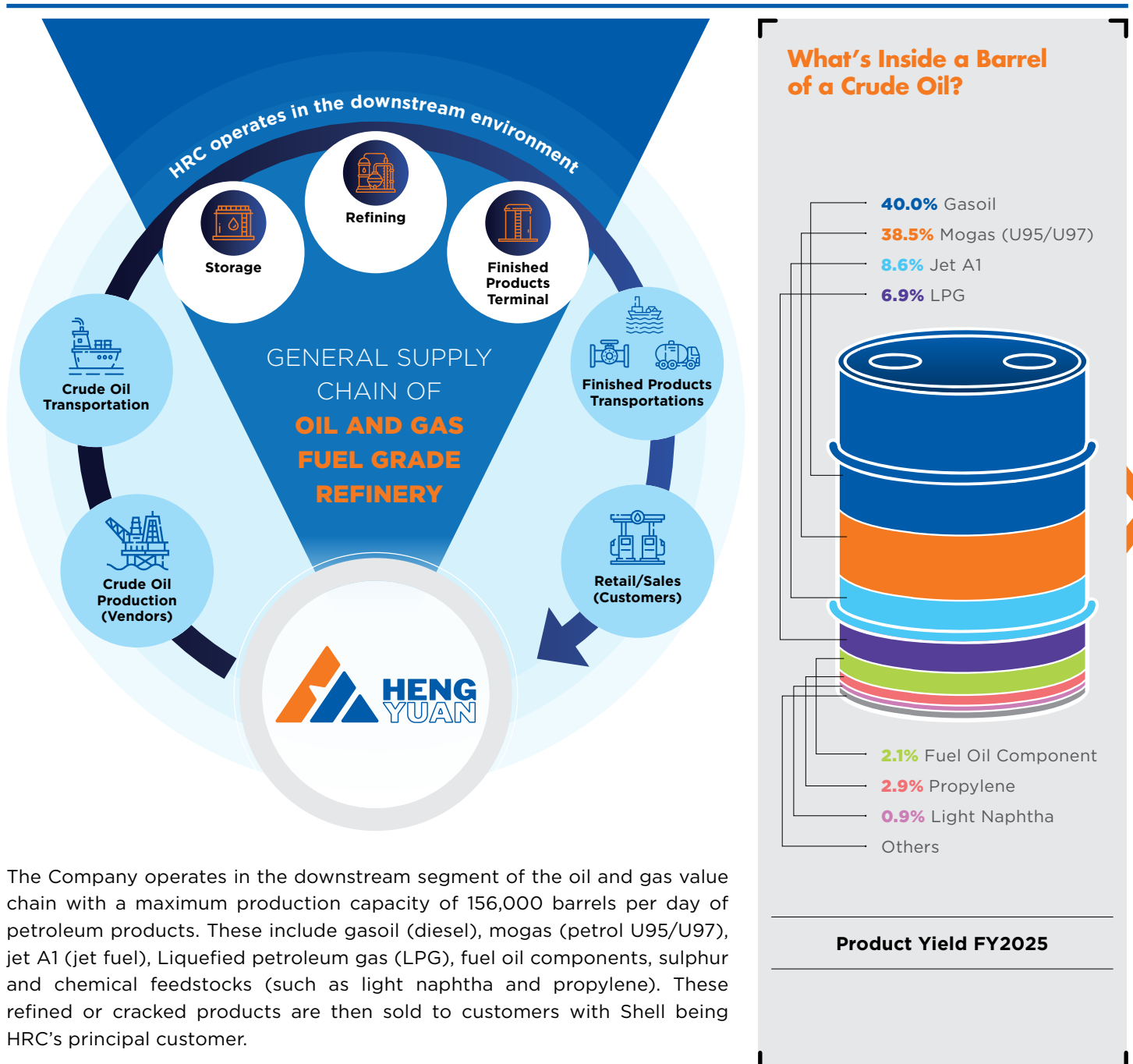
The Commitment to excellence has not just powered OSH performance but also enabled the realisation of various KPIs and targets and the successful implementation of business and operational strategies.

Our Business Model



OUR BUSINESS MODEL

In essence, HRC's business model is centred on the refining of crude oil into various downstream products.



The Company operates in the downstream segment of the oil and gas value chain with a maximum production capacity of 156,000 barrels per day of petroleum products. These include gasoil (diesel), mogas (petrol U95/U97), jet A1 (jet fuel), Liquefied petroleum gas (LPG), fuel oil components, sulphur and chemical feedstocks (such as light naphtha and propylene). These refined or cracked products are then sold to customers with Shell being HRC's principal customer.

Our Business Model

“Crude oil is procured from both within Malaysia and across the world and refined into various products. The refining plant comprises two crude distillers, a long residue catalytic cracker unit (LRCCU), two naphtha treaters, one kerosene Merox plant, one platformer, two hydro-processing units, a Hydrogen Manufacturing Unit (HMU) and sulphur recovery unit. Refining operations also include a Euro 4 Mogas unit that produces petrol and Euro 5 grade gasoil.”

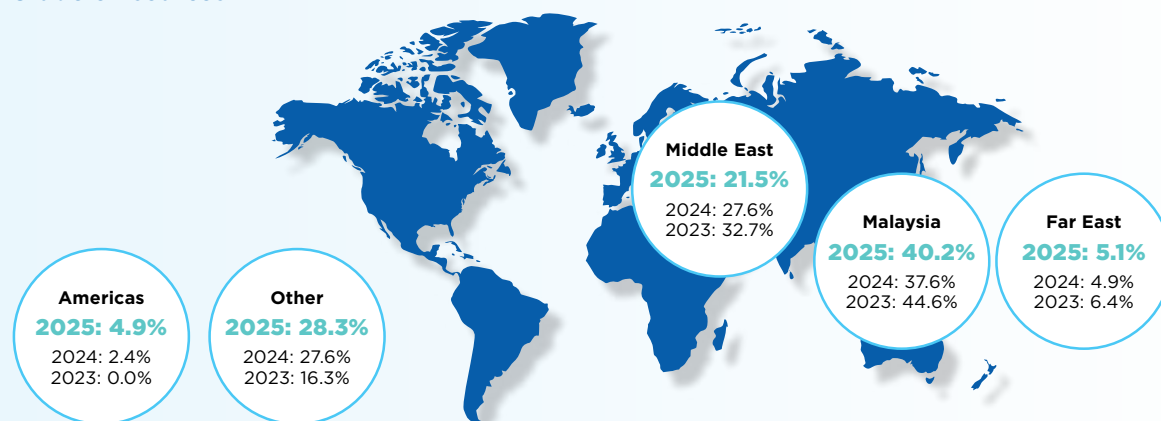
More than 80% of HRC's refined products are sold within Malaysia to ensure stability of domestic supply namely gasoil, mogas (U95/U97), jet A1, and LPG. Crude oil is sourced from both local as well as foreign producers. Refined products are shipped to customers through the multi-product pipeline to Klang Valley and KLIA, our truck loading gantry for West Malaysia customers and via maritime vessels through HRC's jetty to East Malaysia and overseas markets.

In terms of product sales, the Company produces and distributes a wide range of refined products that are in high demand for various commercial and industrial sectors.

Product Yield (As At 31 December 2025)

Production	2023 %	2024 %	2025 %
Gasoil	39.0	40.8	40.0
Mogas (U95/U97)	37.6	36.9	38.5
Jet A1	9.1	8.5	8.6
LPG	5.5	5.4	6.9
Propylene	3.1	2.5	2.9
Fuel Oil components	4.2	5.0	2.1
Light naphtha	1.4	0.8	0.9
Others	0.0	0.0	0.0

Crude oil sources:



Our Business Model

HRC continues to review its business model from a multi-capitals, integrated thinking perspective. This is based on Management's view that a comprehensive, strategic understanding of the inter dependencies between the multiple capitals, enables the Company to develop a more thorough and specific perspective of material risks and opportunities that may occur over the short, medium and long-term horizons. This supports the promotion and development of effective mitigation measures and financial, business and operation (FBO) strategies. In essence, a sustained, multi-capitals approach facilitates an understanding of the linkages of how capitals are eroded or increased and the need to prioritise and focus on specific capitals based on HRC's strategic goals and objectives.



Natural Capital

All physical resources sourced from the natural environment. This includes crude oil, energy, water, land and other resources. Outputs include regulatory compliant effluents and emissions as well as noise levels.



Human Capital

The talent pool of employees who work across the business. This includes their skills, competencies, professional capabilities as well as employee morale and satisfaction.



Manufactured Capital

HRC's refining plant and all machinery, equipment and other physical assets owned or leased that are used for the receipt and storage of crude oil and the refining, production and distribution of refined products.



Intellectual Capital

Comprising business strategies, proprietary systems and processes, internal methodologies and know-how and technology. Also includes the competences, capabilities and experience of the Board and Senior Management.



Social Capital

Comprising stakeholders' perceptions of HRC's operations, especially from community and regulatory stakeholders. Given HRC's business model comprising refinery operations, social capital is material to the Company's ability to operate.



Financial Capital

All financial resources deployed for the execution of the business model. Includes cash and bank balances, borrowings, retained earnings, shareholders' equity and investments. Financial outputs typically comprise revenues, earnings, sales and dividends.

Our Business Model



OUR VALUE CHAIN

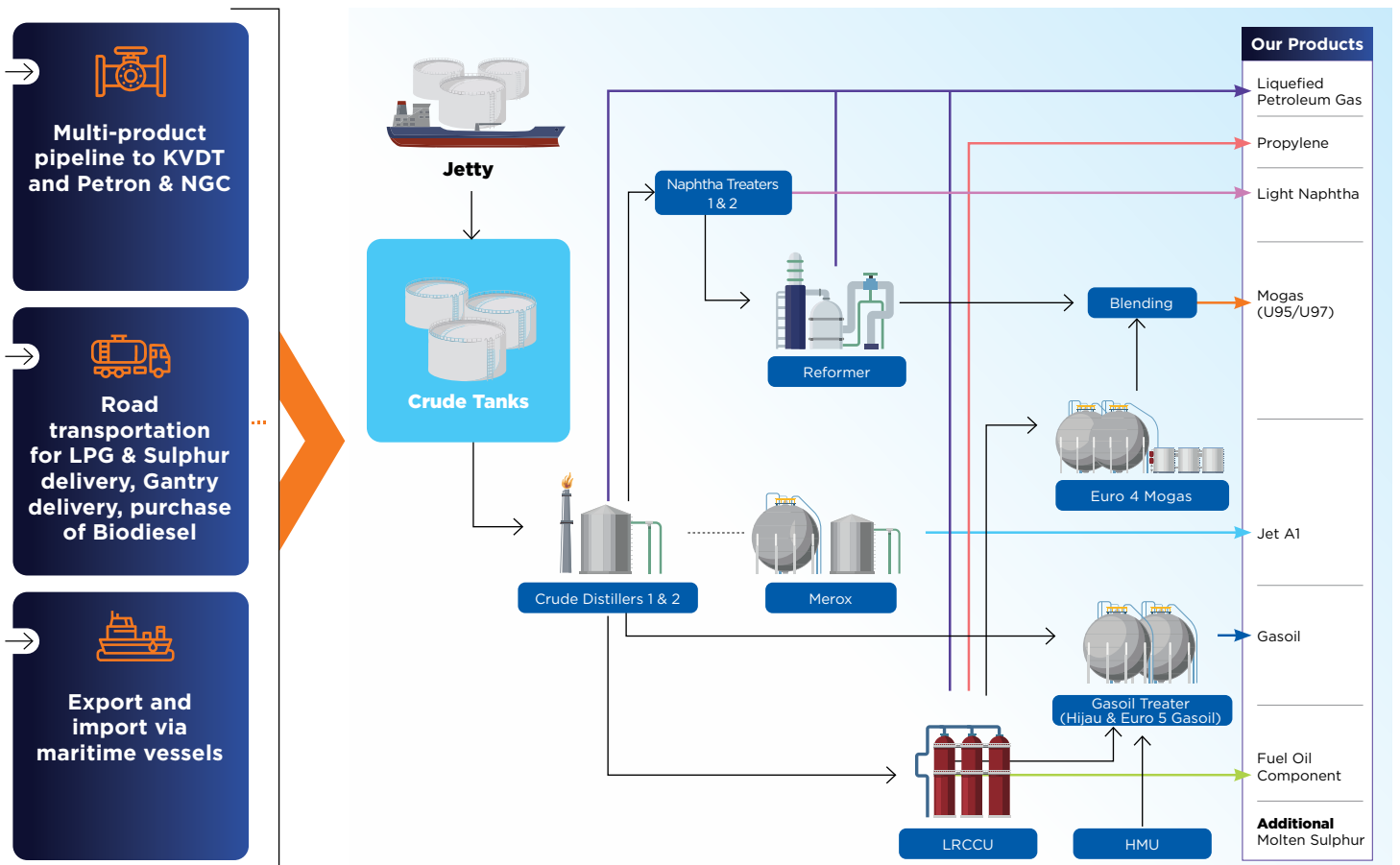
As a refiner, HRC operates in the downstream segment of the oil and gas value chain. The Company is dependent on the upstream segment, namely crude oil suppliers and hence the global market prices of crude oil and changes therein, caused by external factors can impact the business model and business strategies of the Company. Management has developed mitigation measures specific to managing exposure to fluctuations in global crude oil prices and the price of refined products.

Refined products are then sold/distributed to downstream consumers including well regarded oil and gas companies. Specifically, refined products are provided to petrol stations,

airports and other locations through the Company's multiple distribution channels. These comprise multi-product pipelines and trucks for land distribution and oceangoing vessels for maritime distribution.

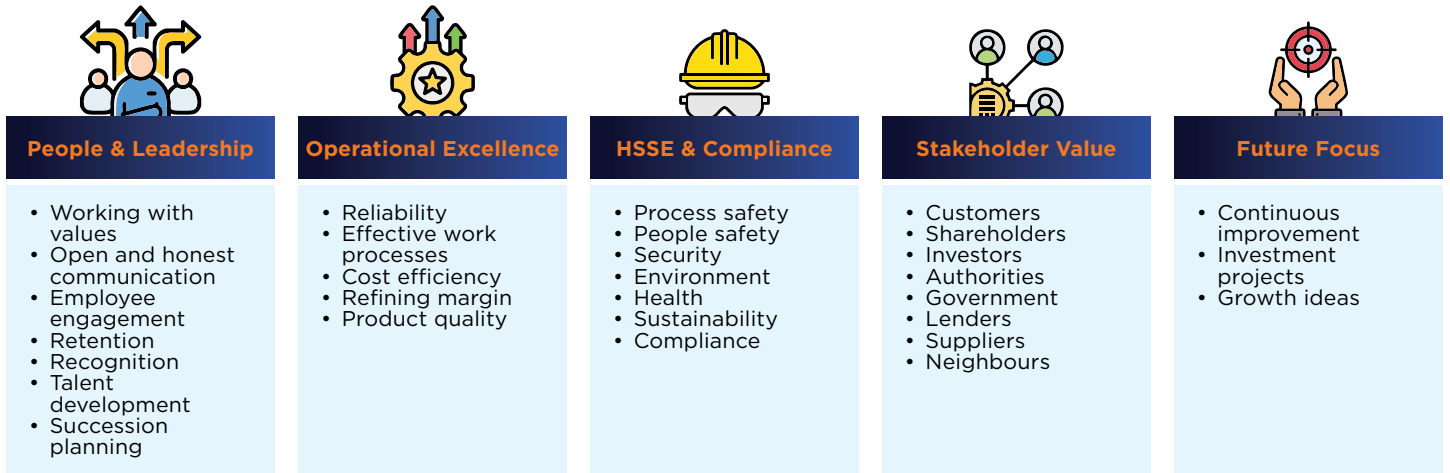
The ability to distribute refined products through a multi-channel approach enables HRC to reach a wider customer base within Malaysia and beyond. The Company also has the flexibility to determine specific distribution strategies to enable the best response to market supply and demand conditions to manage logistics costs and speed of distribution and if needed, to navigate supply chain issues.

Distribution of Refined Products



FY2025 Strategic Review

Consistent with its multi-capital approach, HRC also considers value creation from an integrated perspective beyond the generation of financial value. The inherent thinking is that the generation and preservation of value and improvements made across human, social, intellectual, manufactured and natural capitals have both direct and indirect impacts on the creation of financial capital and financial outputs and outcomes, which includes shareholder returns. Hence, the continued focus on a multi-prong business strategy designed to deliver specific, desired outputs and outcomes across all six capitals remains a priority in 2026, with results provided in terms of HRC's business pillars:



PEOPLE & LEADERSHIP

Human capital remains fundamental to HRC's ability to operate safely, efficiently and sustainably. As a refinery operating in a technically demanding environment, the Company continues to prioritise the development, engagement and retention of its workforce to ensure that operational requirements are supported by a capable and resilient talent base.

Key Initiatives in FY2025:

Values and Culture

HRC continued to reinforce its ICARE values – Integrity, Collaboration, Accountability, Respect and Entrepreneurial spirit – as the foundation of its workplace culture. Through ongoing internal engagements and leadership reinforcement, HRC ensures that these principles continue to guide employee conduct and decision-making across the organisation, fostering a culture of open communication, mutual respect and accountability.

Employee Engagement

Employee engagement remained an important priority in strengthening organisational cohesion. Throughout the year, the Company organised various employee engagement initiatives, including town halls, team-building activities and festive celebrations, aimed at fostering stronger collaboration and a sense of belonging among employees.

Retention and Recognition

Recognising employee contributions remains key to sustaining workforce morale and loyalty. In FY2025, HRC honoured 21 long-serving employees and retirees, celebrating service milestones from 10 to 40 years, with additional recognition for longer-serving employees through enhanced benefits and leave entitlements.

Employees are also rewarded through structured Long Service Awards which includes cash incentives based on tenure, while the CEO HSSE Award continues to recognise individuals demonstrating strong commitment to safety, reinforcing HRC's Safety Culture.

Talent Development

HRC continues to invest in workforce capability development through structured training programmes aimed at strengthening technical competencies and leadership capabilities. In FY2025, the Company

FY2025 Strategic Review

conducted nearly 100 training programmes, totalling approximately 8,096.0 training hours across areas such as leadership development, technical training, digital capabilities, sustainability management and soft skills, guided by a comprehensive Training Needs Analysis to ensure alignment with evolving operational requirements.

Complementing these efforts, the Humanoid platform enables technical employees to access, monitor and manage their performance. The platform comprises two key user groups: Qualified Assessors, who are certified personnel responsible for evaluating and validating

employee performance; and Learners, who are employees undergoing competency development and progressing to the next level.

Succession Planning

To support organisational continuity and knowledge transfer, HRC continues to develop a structured rotation and succession planning framework focused on identifying critical roles and nurturing future leaders. This ensures that essential operational knowledge and leadership capabilities are preserved while supporting long-term workforce resilience.



OPERATIONAL EXCELLENCE

Operational excellence remains central to HRC's ability to maintain refinery reliability, optimise production efficiency and sustain cost competitiveness in a dynamic energy market.

Key Initiatives in FY2025:

Reliability and Operational Performance

HRC continued to strengthen refinery reliability through its Reliability Management Framework (RMF), which focuses on early identification of operational risks, prioritisation of threats to availability and structured mitigation planning. Supported by the Site Committed as One (SCONE) culture, employees across the refinery actively participate in maintaining asset integrity and operational stability.

Operational reliability improved in FY2025, with unplanned downtime reduced to 0.66%, reflecting stronger operational control and improved containment of unexpected disruptions. Plant availability also strengthened during the year, supporting stable refinery performance and sustained production output.

Continuous Improvement through the Business Improvement Plan (BIP)

Continuous operational improvement remains a core component of HRC's strategy. Initiatives implemented under the Business Improvement Plan (BIP) delivered another cost savings of approximately USD3.5 million in annual margin improvements during FY2025. Building on this momentum, the Company implemented 10 additional BIP initiatives aimed at further optimising plant operations and resource utilisation. These measures are expected to generate an additional USD3.5 million in annual margin improvements from FY2026 onwards on top of USD7.0 million cost saving achieved in FY2024.

Energy and Process Optimisation

HRC continued to enhance operational efficiency through targeted process optimisation initiatives. The refinery recorded an Energy Intensity Index (EII) of 107.3 in FY2025, reflecting improved energy performance compared to the previous year. Improvements were supported by several operational initiatives, including refinery configuration optimisation, catalyst cooler replacement during scheduled maintenance and the implementation of advanced process control systems to improve energy utilisation and minimise flaring.

Product Quality Assurance

Maintaining consistent product quality remains a critical operational priority. HRC continued to enforce strict quality control processes aligned with its Product Supply Specifications (PSS), supported by a cross-functional Product Quality team overseeing product assurance and monitoring.

HRC's laboratory maintained its ISO 17025:2017 accreditation, with internal and external audits conducted during the year to ensure continued compliance with recognised testing standards. As a result of these rigorous controls, zero Product Quality Incidents (PQIs) were recorded in FY2025, reflecting the effectiveness of HRC's quality assurance framework.

FY2025 Strategic Review



HSSE & COMPLIANCE

HSSE remains fundamental to HRC's licence to operate. The Company maintains a zero-tolerance approach to safety, environmental protection and regulatory compliance, ensuring that operational integrity is upheld across all refinery activities.

Key Initiatives in FY2025:

Process Safety

HRC continues to strengthen its process safety culture through disciplined operational practices and systematic monitoring of risks across refinery operations. Process safety performance remains closely tracked in accordance with recognised industry standards, supported by structured incident investigation processes to identify root causes, capture learnings and implement preventive measures across the refinery.

Safety Culture and Workforce Engagement

Maintaining a proactive safety culture remains a priority across the organisation. Through continuous safety engagement initiatives, HRC reinforces accountability and ownership of safety practices among employees and contractors. Structured programmes, leadership engagement and operational oversight help ensure that safe work practices are consistently embedded into daily operations.

Environmental Monitoring and Compliance

HRC continues to conduct regular environmental monitoring to ensure operations remain compliant with regulatory requirements while minimising environmental impact. Monitoring activities cover ambient air quality, stack emissions, marine water, effluent discharge, soil and groundwater conditions, supported by laboratory testing and ongoing environmental performance tracking.

Specific environmental training is also conducted with the involvement of frontliners so that environmentally friendly practices can commence from routine operational activities all the way to more complex processes and procedures.

These efforts are reinforced by HRC's ISO 14001:2015 Environmental Management System, which provides a structured framework for managing environmental risks

and ensuring continuous improvement in environmental performance. During the 2025 Integrated Management System audit conducted by SIRIM, HRC maintained its certification status with zero non-conformity reports (NCRs) and three (3) opportunities for improvements (OFIs).

Also being undertaken are the recycling activities, including the plan to collaborate with an external entity to provide HRC KITAREcycle program. This will be in a full execution mode starting 2026. Further information is provided in SR2025.

Environmental Recognition

HRC's environmental management efforts were recognised at the national level through the Prime Minister's Hibiscus Award (PMHA) 2024/2025, where the Company received the Exceptional Achievement in Environmental Performance recognition. This acknowledgement reflects HRC's commitment to maintaining strong environmental governance and implementing structured environmental management practices across its operations.

Ethics and Regulatory Compliance

Strong governance and ethical business conduct remain integral to HRC's compliance framework. In FY2025, all operations were assessed for corruption-related risks, with none identified as high risk. HRC also recorded zero confirmed incidents of corruption, reflecting the effectiveness of its Anti-Bribery Management System aligned with ISO 37001:2016 and the Malaysian Anti-Corruption Commission Act 2009.

Through these integrated HSSE and governance practices, HRC continues to strengthen operational integrity while ensuring full compliance with regulatory expectations and industry best practices.

FY2025 Strategic Review



STAKEHOLDER VALUE

Creating sustainable value for stakeholders remains central to HRC's business model. The Company continues to engage proactively with key stakeholder groups to ensure that its operations deliver meaningful outcomes while maintaining trust, transparency and long-term partnerships.

Key Initiatives in FY2025:

Customers

HRC continues to prioritise product reliability and service quality to meet customer expectations. In FY2025, the Company recorded a customer satisfaction score of 4.9 out of 5, reflecting consistently high levels of service delivery and responsiveness. No customer complaints were recorded during the year, demonstrating the effectiveness of HRC's quality assurance processes and its commitment to maintaining strong customer relationships.

Shareholders and Investors

HRC remains committed to transparent and timely communication with shareholders and the investment community. The Company ensures compliance with regulatory disclosure requirements while maintaining open engagement with investors through corporate communications and investor relations initiatives, reinforcing confidence in HRC's governance practices and long-term strategy.

Government and Regulatory Authorities

HRC operates in a highly regulated industry with stringent specifications and requirements across all aspects of its operations. In addition to compliance with mandated product quality standards, regulatory authorities set high benchmarks for storage, production and distribution, health and safety, and crisis management. In 2025, HRC continued to manage these regulatory requirements through established compliance, monitoring and reporting processes.

The Company continues to maintain constructive and transparent relationships with regulatory bodies and government agencies. Regular engagements and compliance monitoring help ensure that HRC's operations remain aligned with regulatory requirements and environmental standards, supporting responsible operations and maintaining its social licence to operate.

Suppliers and Business Partners

HRC works closely with its suppliers and contractors to ensure responsible and reliable supply chain operations. In this regard, HRC can draw confidence from its industry leading suppliers for crude oil, who have set global benchmarks for high quality and safe operations. These global upstream suppliers have a track record of timely delivery of supplies and the required quality benchmarks. Hence, HRC is assured of stability in crude supply.

Other procurement activities (non-crude related) are governed by the Company's Contracting and Procurement Procedures Manual (CPPM), supported by integrity due diligence screening to ensure suppliers adhere to HRC's ethical and operational standards. These measures strengthen supply chain resilience while promoting transparency and responsible sourcing practices.

Financial Institutions and Lenders

HRC continues to maintain strong relationships with its financing partners by meeting its financial obligations and maintaining disciplined financial management. These efforts help reinforce the Company's credibility and trust within the financial community, which is in turn crucial to the Company's financial stability, business continuity and sustainable growth.

Local Communities

Maintaining positive relationships with surrounding communities remains a key priority for HRC. The Company continues to support local community engagement initiatives and maintains open communication channels to ensure that community concerns are addressed in a timely and transparent manner. Through these efforts, HRC reinforces mutual understanding and strengthens its long-term social licence to operate within the Port Dickson community.

FY2025 Strategic Review



FUTURE FOCUS

As a forward-looking organisation, HRC continues to strengthen its operational resilience while preparing the business for evolving regulatory, market and energy transition developments. The Company remains focused on continuous improvement, strategic investments and long-term initiatives that support sustainable value creation.

Key Initiatives in FY2025:

Continuous Improvement

Continuous improvement remains embedded in HRC's operational culture through initiatives that enhance efficiency, reliability and cost optimisation. The Business Improvement Plan (BIP) continues to serve as a structured platform for identifying and implementing operational enhancements, delivering measurable margin improvements while strengthening refinery performance. In parallel, HRC continues to reinforce a culture of cost consciousness and operational discipline, encouraging employees across the organisation to contribute ideas that improve efficiency and support long-term competitiveness.

Investment Projects

The "Stop Flare Subheader Sweep Gas Purge" initiative aims to optimise fuel gas consumption by reducing sweep gas purges in the flare subheader systems of Production Unit 2 (E4M, HDS2 and LRCCU). By identifying and shutting down unnecessary purge points, the refinery achieves operational cost savings without compromising the safety or integrity of the flare system.

In addition, reducing the volume of continuous sweep gas sent to the flare lowers CO₂ emissions, supporting the refinery's decarbonisation targets.

Strengthening Climate and Environmental Strategy

As part of its long-term sustainability roadmap, HRC continues to strengthen its climate management approach through improved greenhouse gas accounting methodologies and enhanced emissions monitoring. In FY2025, the Company implemented updates to its GHG accounting methodology in line with recognised international standards and established FY2025 as the new base year for emission reporting. This is to ensure more comprehensive and consistent emissions tracking going forward.

These improvements support HRC's broader decarbonisation strategy and reinforce its commitment to responsible environmental management while positioning the refinery to adapt to evolving regulatory and market expectations.

FY2025 Key Performance Indicators (KPIs)

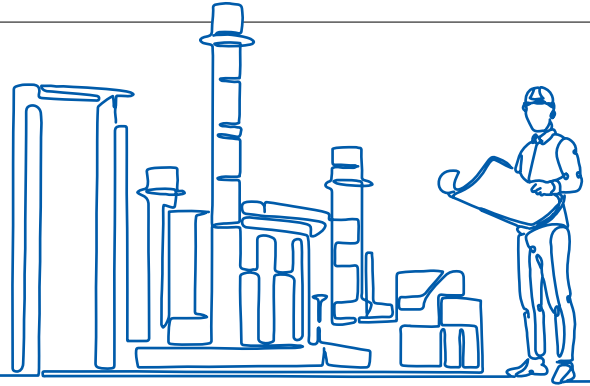
Element	Description	2023	2024	2025
Safety	Lost Time Injuries (LTI)	0	0	0
	LTI Free Manhours Worked (Cumulative)	5.2	6.9	9.1
	Process Safety Events (API Tier 1)	1	1	0
	Process Safety Events (API Tier 2)	4	0	1
	First Aid Cases (FAC)	7	4	1
Production & Reliability	Plant Availability (%)	99.3	92.1	95.2
	Unplanned Downtime (UPDT)* (%)	0.68	7.40	0.66
	Production Volume (million bbl)	32.0	36.8	35.8**
Margin & Financial Performance	Gross Profit/(Loss) Margin (USD/bbl)	(1.0)	1.2	2.8
	Sales Volume (million bbl)	34.0	39.8	37.6
	Revenue (RM million)	15,399.0	17,211.7	13,165.4
	(Loss) After Tax (RM million)	(489.0)	(357.6)	(260.2)
	Cash Generated From/(Used In) Operations (RM million)	(25.0)	134.1	342.7
	Quick Ratio	0.5	0.5	0.5
Return on Investment	Shareholders' Funds (RM million)	1,403.0	1,150.2	1,146.7
	Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (RM million)	(257.6)	(75.1)	143.8
	Loss Per Share (sen)***	(148)	(108)	(68)
	Return on Average Capital Employed (times) (EBIT/Average total assets-average current liability)	(0.19)	(0.13)	(0.01)
Sustainable Development	Energy Intensity Index (EII)	104.8	114.0	107.3
	Effluents - Average Oil in Water Concentration (avg mg/l)	3.3	4.0	1.8
	Raw Water Consumption (Million m ³)	2.9	2.7	2.8
	Waste Management			
	*Effluent Water Discharge (Million m ³)	2.5	2.4	2.4
	*Spent Oil Water Emulsion (MT)	243	227	80
	Public Complaints	1	2	2
Social/Community Project Investment (RM'000)	26.6	36.9	54.6	

* Refer to HRC SR2025 page 30 on explanation pertaining to UPDT.

** The decline was due to the planned pitstop undertaken from late December to mid January 2025 towards restoring plant operations to optimal capacity. Further information on the pitstop is provided in the MD and A section of this report.

*** Comparative figures have been restated to reflect the effects of the rights issue exercise completed on 30 October 2025.

Chairman's Statement



**DEAR
SHAREHOLDERS,**

FY2025 was a year full of challenges and excitement! I am pleased to share that in 2025, our continued enhancement and commitment to operational excellence, business resilience and harnessing increased efficiency and productivity has resulted in a more streamlined refining operation.

Notably, in 2025, We have achieved major breakthroughs in operational process improvements which have resulted in cost savings and improved efficiencies. In 2025, demurrage costs have decreased by 70% while oil loss has declined by 40%.

Wang, YouDe
Chairman



Chairman's Statement

“ Through teamwork, collaboration and a shared spirit of unity and passion to progress, we have progressively in 2025, built the foundations for a better company with plant stability at optimal level. ”

”

Despite facing considerable challenges in 2025, HRC has achieved almost all its performance key performance indicators (KPIs) for the year. Of note, oil loss has been reduced to 0.75% from 1.31% in FY2024. We have also significantly improved our Unplanned Down Time (UPDT) rate to just 0.66%, surpassing the internal target of 1.6% and the record of 7.4% a year ago. A lower UPDT indicates that equipment reliability and preventive maintenance strategies were highly effective in 2025. Consequently, the refinery in 2025, experienced no major turndowns or technical issues. We have significantly reduced demurrage costs by 70%.

Equally important, we have continued to register a zero-fatality performance for FY2025 and strong regulatory compliance in relation to environmental and social performance. We have prioritised the safety, security and wellbeing of our employees as well as local communities.

In essence, we are more resilient and better prepared to face a tumultuous external operating environment where market supply and demand dynamics continue to be disrupted and distorted by the effects of sudden conflicts, geopolitical tensions, supply chain challenges and various other macroeconomic developments. Cognisant of the operating realities, HRC has been proactive in developing its internal strengths and competencies towards achieving business and operational sustainability. In essence, rather than being dependent on external stimulus, we have embraced the headwinds as an opportunity to develop a more robust business model, centred on our business pillars.

2025 has seen us leverage our strategic location and positioning as a key refiner in Peninsular Malaysia. We have continued to strengthen our reputation as a trusted, reliable producer of high quality cracked products. We have and remain a vital part of the country's oil and gas supply chain even as we continue to build on our track record as one of the oldest operating refineries in Malaysia and in the world.

A snapshot of sour water tank



Chairman's Statement

REVIEWING OUR PERFORMANCE IN 2025

We commenced 2025 by undertaking a pitstop exercise in January 2025 that started from end December 2024. The pitstop was a success and this enabled production to be restored to optimum levels. Aside from the pitstop, the various Business Improvement Plans (BIP) undertaken in 2025 have yielded improved operational and cost efficiencies. In 2025, HRC exceeded its internal targets by completing ten (10) BIP projects, against an initial target of seven (7).

Our Leadership Team Turun Padang (LTTP) initiative has also been instrumental in driving renewed vigour and impetus in fostering a stronger culture of personal accountability and ownership. With leaders directly and actively present across the refinery – taking a personal interest in operational matters and the wellbeing of our workforce, the ensuing effect was a better understanding of on-ground issues and concerns, stronger co-operation and teamwork and improved employee morale. Of note, the LTTP enables cross-sharing of insights and knowledge between company leaders and on-ground employees. This enables a more direct management style, which has yielded faster, more impactful results and outcomes across the operational areas.

Another highlight is the progress achieved in reducing the sulphur content of our gas oil in 2025 in compliance with the introduction of Euro5M gasoil by the Malaysian government, scheduled for the 3rd quarter of 2026. We are well on track to achieve regulatory compliance once the new requirements go into effect. Equipped with a spirit to go beyond and to continue surpassing our past performance benchmarks, we have accelerated our pace and performance, exemplifying performance, precision, and productivity.

On a separate note, our corporate exercise of “Right Shares with free detachable Warrant” has been successful, with an oversubscription rate of 122.88%. This exercise reflects the continued trust of our shareholders and other stakeholders, which bolsters our conviction and commitment to pursue our business plans and strategies going forward. Importantly, it also provides HRC with improved working capital for business operations.

On the foreign exchange (FOREX) front, many enhancements made to our hedging policies have provided better insulation from market fluctuations and enabled saving in Malaysian Ringgit for the equivalent USD dollars for crude procurement. The very stringent efforts taken and continuous challenges to the operational and technical leadership teams for further improvement through the weekly and monthly Oil Loss Control and Improvement meetings have translated into 40% reduction in oil loss. This effort is further enhanced with the newly setup “Measurement Division” that follow through every single measurement related processes that help closed bottleneck.

The monthly Finance Review Meeting also provide another platform to explore more process and operational enhancement that contributed to 70% reduction in demurrage costs. The management is committed to continue the momentum in 2026 for further operational enhancement and cost savings with plant running at optimal level.

RECOGNISED FOR EXCELLENCE IN SUSTAINABILITY

In 2025, HRC was awarded the Prime Minister Hibiscus Award 2024/2025 (PMHA) for outstanding efforts and achievements in terms of environmental excellence and sustainable operational practices. This accolade attests to the tremendous progress made in being a sustainable operation beyond adherence to regulatory compliance. It attests to our continuous and effective efforts in stakeholder management, community relations, managing our carbon footprint, commitment to ensuring safe and secure practices and essentially, safeguarding the best interests of all our stakeholders.



Chairman's Statement

On a similar note, 2025 also saw HRC selected as a finalist for the prestigious 11th Asia Integrated Reporting Awards - Asia's Best Integrated Reporting (First Time) category. This is noteworthy acclaim and acknowledgement of our approach to providing strategic, meaningful disclosures on our company and our operating environment. Despite our prior report being our first integrated report, our ability to be selected from an elite list of companies from across Asia is certainly an achievement that matters and attests to the comprehensiveness of our approach to corporate reporting.

We are certainly heartened by the recognition accorded and inspired to continue elevating our sustainability practices towards registering more achievements. However, our conviction to operate in a sustainable manner is not driven by external recognition. Rather, it stems from our core values and business philosophy of creating enduring value in a responsible manner. We remain well focused on our various environmental, social and governance (ESG) indicators and targets, many of which have seen continued improvements recorded in 2025. The full details of which are provided in our General Business Principles section of IAR2025 with comprehensive accounts of the progress provided in our standalone Sustainability Report 2025 (SR2025).



The full detail of our business and operational highlights is provided in the Management Discussion and Analysis section of IAR2025.

LOOKING AHEAD

The future remains turbulent, with plenty of uncertainty notably attributed to various geopolitical tensions and conflicts. The ongoing geopolitical tensions continues to have a significant impact on overall market supply and demand fundamentals. It is unclear on the medium to long-term ramifications of the present crisis not just on the global oil and gas sector, but on the world.

As an independent refinery, we remain a strategic part of the overall oil and gas value chain in Malaysia. We continue to be fundamental and critical towards products supply in the country given that 80% of our refined products supplied to domestic markets.

Opportunities remain for efficient, resilient players despite the geopolitical turbulence. In Malaysia, particularly, there are positives prospect. This includes demand for gasoil, mogas (U95/U97), jet A1 and LPG. We're also making steady progress for Euro 5 compliance readiness come implementation by the Malaysian government, expected in the 3rd quarter of 2026. Coupled with our approach to optimise our capabilities and productivity, we are positive in remaining competitive and sustainable going forward.

In 2026, we are confident to further drive all potential costs saving, continuous operational, processes and productivity improvement by undertaking various BIPs, strategic projects and more importantly to optimise refined products mix for ultimate margin elevation.

APPRECIATION AND ACKNOWLEDGEMENTS

As we review 2025, it is only fitting that we recognise and acknowledge all stakeholders who have been part of our progress during the year. Firstly, I wish to express our gratitude to the Management and staff of HRC who have been clearly at the forefront of our many notable achievements and improvements. Our betterment as a Company is attributed to their tremendous efforts, innovation, resilience and determination to rise against the odds to deliver performance and progress.

I also wish to take this opportunity to thank our customers, business partners and suppliers, government ministries, agencies and regulatory authorities, shareholders, bankers and local communities. All of whom, have been important in our storied journey across 2025. 2026 will see its fair share of challenges, but we are ready, united, and resilient and well poised to rise above adversity and to register achievement and excellence.

Wang, YouDe

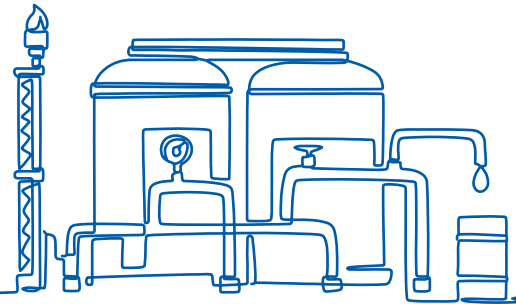
Chairman

Management Discussion and Analysis



OPERATING YEAR IN REVIEW

2025 marked another period of volatility for the global oil and gas sector, as geopolitical developments and rapidly evolving global trade policies materially affected crude oil and refined product prices, disrupting global supply and demand balances.



Overall, crude oil prices trended lower amid uncertainty in global trade policies and concerns regarding excess supply from upstream producers, notwithstanding periodic short-term increases driven by geopolitical events.



HRC Hydrodesulfurization (HDS) 2

Management Discussion and Analysis

Crude oil prices peaked on 13 January 2025 reaching USD79 per barrel (bbl) Brent Crude but remained on a downward trend, reaching its lowest point of USD57 per bbl on 16 October 2025. On a monthly average basis, the price of Brent crude oil declined from a high of USD79 per bbl in January to a low of USD63 per bbl in December, marking the lowest monthly average price reported since 2021. The annual average price was USD69 per bbl, the lowest since 2020, even when adjusting for inflation. Prices briefly exceeded the USD70 per barrel mark during the 12-day Israel-Iran conflict in June 2025, peaking at USD74 per barrel; however, prices reverted to a downward trend following the ceasefire. Notwithstanding this, prices for both crude oil and cracked products remained volatile throughout the year due to geopolitically instability.

In 2025, global economic growth was measured at 3.2% (lower than anticipated), by the Organisation for Economic Co-operation and Development (OECD) amid ongoing macroeconomic and geopolitical headwinds. Slower economic growth was attributed to a contraction in U.S. GDP, and expectations that escalating tariffs among large economies could dampen the pace of global economic growth. In 2025, average monthly Brent crude oil prices dipped to USD63 per bbl, from 2024's average of USD 74 per bbl. Similarly, product prices averaged USD81 per bbl in 2025, lower than 2024's USD 87 per bbl.

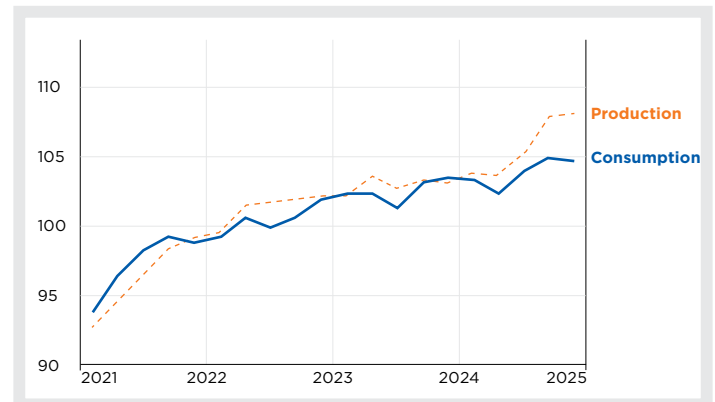
In the second half of 2025, OPEC+ announcements to increase crude oil production targets contributed to concerns regarding potential market oversupply. Consequently, global production of crude oil and liquid fuels is estimated to have exceeded consumption throughout 2025, resulting in implied inventory builds of more than 2.5 million barrels per day in the final two quarters of the year. These stock builds were the largest recorded since 2000.

In Malaysia, the upstream segment comprising exploration and production (E&P) activities continued to see positive momentum. Crude oil and condensate production grew by 1.1% to 183.6 million barrels (2024: -3.5%; 181.6 million barrels). This growth was supported by higher crude oil production as well as stronger condensate performance, which expanded by 6.1% compared to 2.7% in the previous year. In terms of composition, crude oil accounted for 67.9% or 124.6 million barrels, while condensate contributed 32.1% or 59.0 million barrels. Meanwhile, natural gas production recorded 2,943.8 billion cubic feet (2024: 2,948.8 billion cubic feet).

Notably, the export value of Crude petroleum and condensates increased to RM6.1 billion in the fourth quarter of 2025 (Q3 2025: RM5.3 billion). This was due to the rise in volume for refined petroleum products, which recorded a marginal rise to RM23.9 billion compared with RM23.8 billion in the previous quarter.

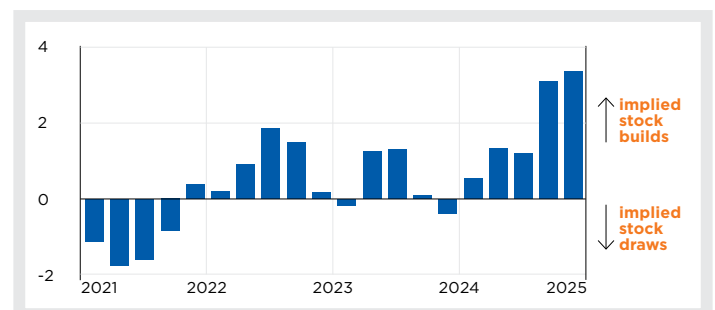
Quarterly world petroleum production and consumption (2021-2025)

million barrels per day



Quarterly world petroleum stock change (2021-2025)

million barrels per day

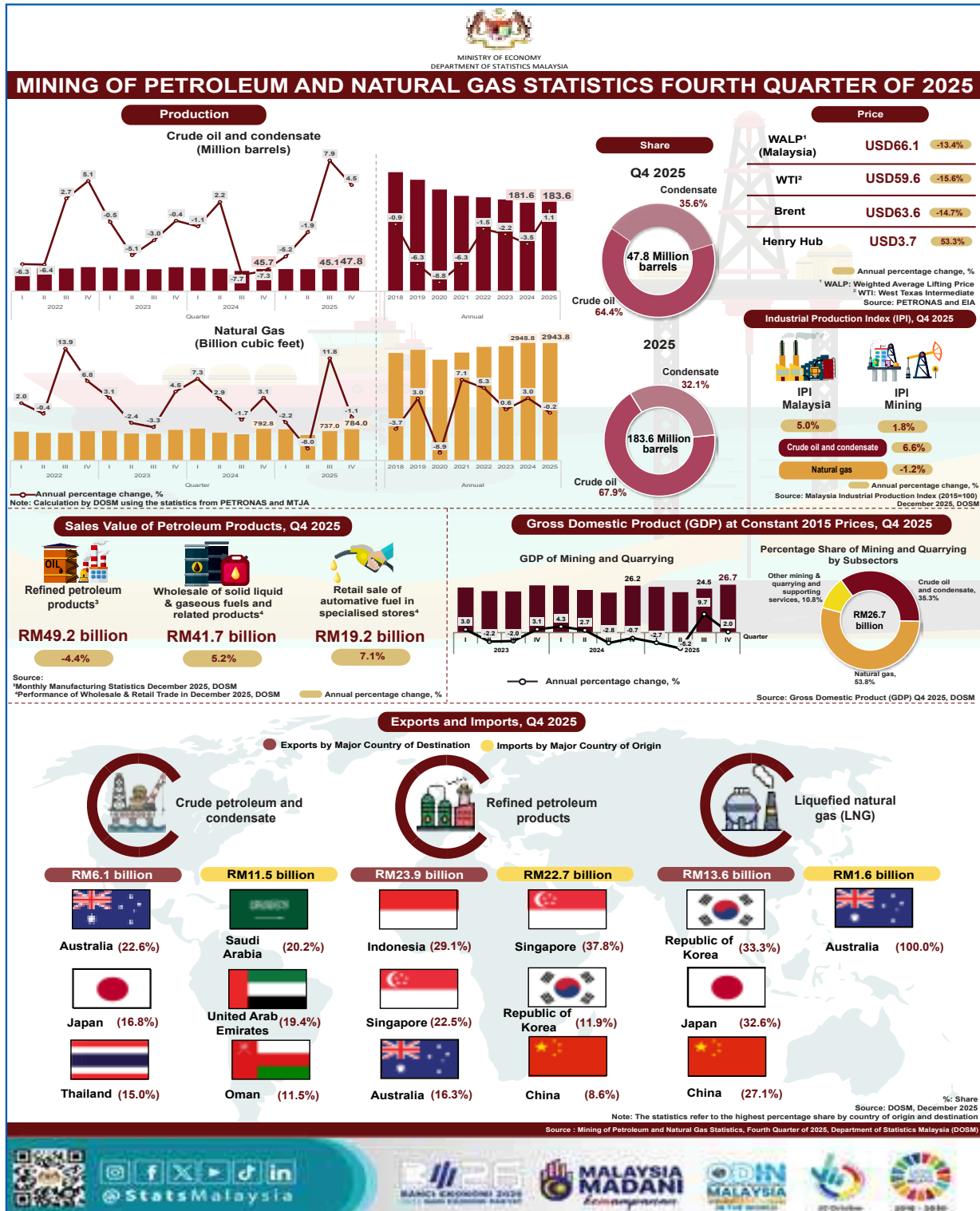


Data source: U.S. Energy Information Administration, based on Thomson Reuters data

Data values: adjusted for inflation using the GDP Implicit Price Deflator

Management Discussion and Analysis

Demand for refined products as a whole was stable, robust even with some seeing encouraging increase throughout the year. Notably, Malaysia's position as a net importer of gasoil, mogas (U95/U97), jet A1, LPG, and other products ensures that production from local refineries for such products are fully taken up taken by existing and new customers.



Management Discussion and Analysis

RESILIENCE AMIDST ADVERSITY, ADAPTIBILITY AMIDST DISRUPTION

Striving For Operational Excellence

The Company remained focused on strengthening its operational performance and financial resilience through disciplined cost rationalisation, prudent risk management, and targeted operational efficiency initiatives, while optimising overall refinery utilisation. Key measures implemented included tighter controls over crude oil discharge processes, supported by the establishment of a dedicated measurement department and the regular conduct of focused and targeted oil loss control and improvement meetings.

Various scheduled maintenance and upgrading works on the refining plant and critical equipment was undertaken as part of pre-emptive measures to reduce future operational issues, and ensure reliable, sustainable and efficient operations. Improvement efforts also comprised Business Improvement Plans (BIPs), which are initiatives aimed at enhancing overall production performance and cost efficiency. In 2025, a total of 10 BIPs were successfully executed, focusing on:

- Capacity enhancement
- Plant optimisation
- Energy savings
- Cost efficiency
- Crude oil diversification

Key projects included heat loss reduction and power optimisation, product purity enhancement, modernisation of site processes to reduce manual intervention and error, tank retractable ground assembly improvements, lightning strike mitigation measures, Jet A1 microfilter installation, and water storage tank capacity expansion.

These initiatives increased 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. Targeted efforts to enhance crude oil discharge processes and shift sales towards pipeline and gantry based inland supply channels proved effective in mitigating demurrage risk.

While vessel shipments remained significant, accounting for approximately 30% of total sales volume in 2025, initiatives were intensified to improve vessel loading efficiency and turnaround time. Stringent controls implemented in the crude oil discharge process directly led to substantial reduction in both demurrage charges and oil losses. These included more precise scheduling of vessel arrivals to minimise idling periods, a comprehensive reassessment of crude discharge operations to identify and eliminate bottlenecks, and a review of crude oil storage practices. As a result, average demurrage charges and oil losses reduced approximately 70% and 40% respectively as compared to the average recorded in the previous financial year.

Equally important was a planned pitstop completed in mid January 2025, undertaken to address identified operational issues, including leaks in the LRCCU cat cooler and the E4M heat exchanger. While the pitstop temporarily reduced plant availability, it was a necessary measure to restore stable and optimal operations. Other notable works completed during the year included leakage rectification at Column C451 and the successful replacement of anchor chains for the single buoy mooring system. In addition, boilers COB and F 3201 successfully passed mandatory inspections and regulatory audits.

The Company maintained a high level of plant integrity through scheduled maintenance and targeted upgrades, while optimising its product mix towards higher margin Euro 5 gasoil using existing facilities and without material capital expenditure. As at end 2025, 71 out of 74 action items under the 2025 Reliability Plan (RP 2025) had been implemented, with the remaining actions scheduled for completion in 2026. RP 2025 comprises a comprehensive programme designed to enhance site reliability and proactively manage risks to plant availability.

Operational resilience was further demonstrated by the swift restoration of jetty operations following damage caused by Tropical Storm Senyar in late 2025. Operations were returned to near full capacity through the effective execution of the Company's Business Continuity Plan (BCP).

Management Discussion and Analysis

HRC continued to prioritise product quality and operational discipline, completing the year with zero product quality incidents and successfully releasing 14,713 product batches to customers. Pre-emptive maintenance practices and proactive operational oversight enabled the refinery to sustain high reliability and productivity, while effectively managing energy consumption, demurrage exposure, and oil loss. In 2025, HRC achieved a reduced demurrage oil loss rate of 0.75% and delivered cumulative annualised savings of approximately RM42 million from a wide range of cost and efficiency initiatives.

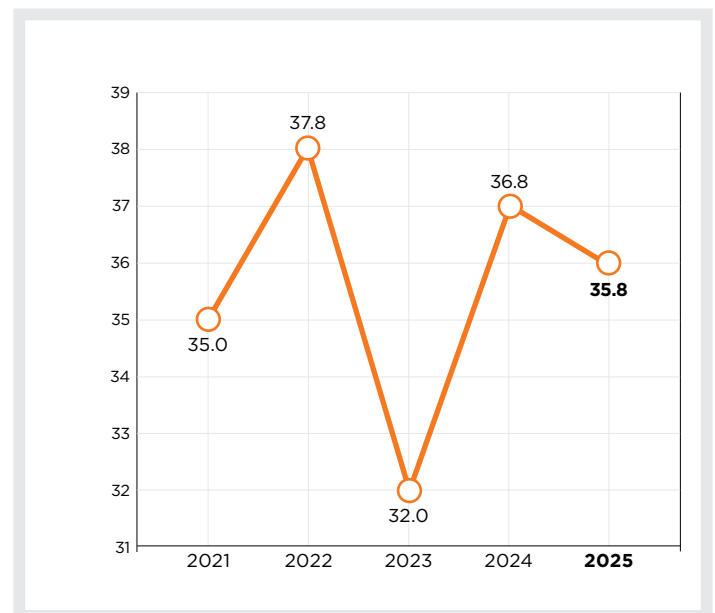
In addition, the establishment of the Oil Loss Control & Improvement Initiative played a pivotal role in reducing oil loss by approximately 40% during the year. The initiative, led by selected management personnel operating as a strategic committee, enabled the timely identification of loss drivers and the implementation of prompt corrective actions.

Aside from operational improvements, HRC also continued to strengthen its financial strategies, namely in the shift towards shorter-term hedging positions. The shift empowers management to respond with greater agility and flexibility based on present market conditions for crude oil, thus reducing exposures to losses incurred due to price fluctuations. In addition, an enhanced foreign exchange hedging strategy with a clear defined policy and monitoring mechanism enables more accurate tracking and monitoring of foreign currency fluctuations, with the objective of optimising RM equivalent savings in crude procurement costs.

HRC also continued to 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 upgrading low-value cracked 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. These strategies do not require major capital investment, as the shift in focus towards higher-margin products does not involve the introduction of new product lines. Instead, it entails the reconfiguration of the output mix which can be achieved using our plant's current equipment and infrastructure.

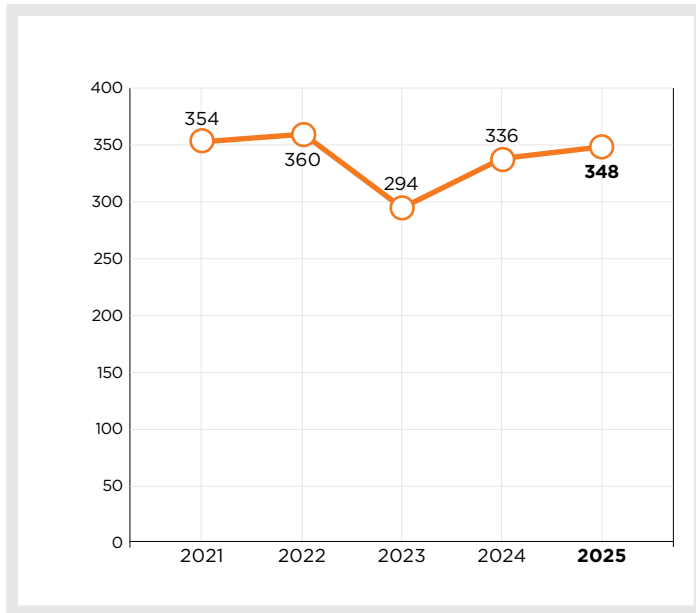
Efforts were also increased to expand and diversify the existing customer base. In 2025, several new sales and supply agreements with Petronas, Petron and Five, with a combined value approximately RM150 million were inked while Shell remains as main customer. Collectively, these measures strengthened operational reliability, improved cost efficiency, enhanced margin management, and supported the sustainability of the Company's long term financial performance.

Production Volume FY2021 - FY2025 (million bbl)

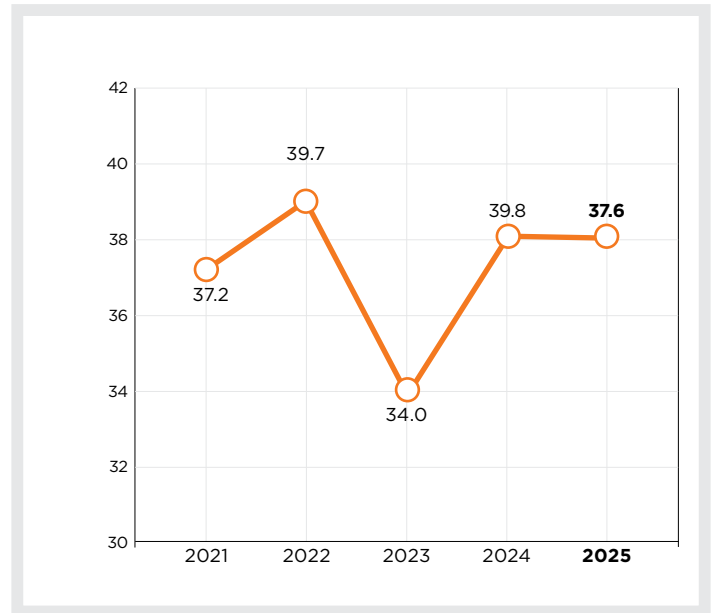


Management Discussion and Analysis

Plant Availability FY2021 - FY2025 (days')



Sales Volume FY2021 - FY2025 (million bbl)



Financial Performance

Against the backdrop of challenging and volatile market conditions in 2025, HRC remained focused on sustaining operational reliability and resilience, while proactively adapting its operations in response to evolving market conditions. These challenging and volatile market conditions during the year led to increased oil price volatility, which exerted pressure on refining margins and the plant's overall profitability.

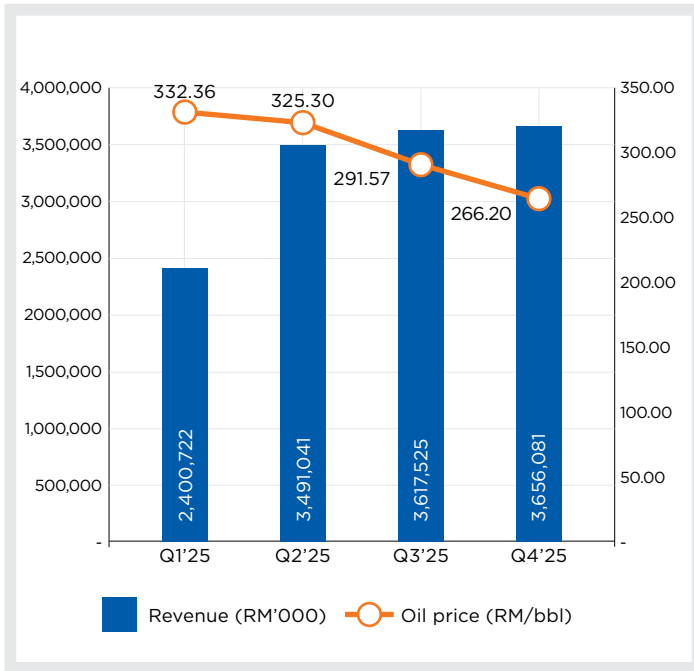
In 2025, revenue declined primarily due to the scheduled pitstop maintenance exercise, which resulted in lower plant availability during the affected period. However, revenue performance improved in the subsequent quarters, driven mainly by higher sales volumes and improved plant stability, partially offset by lower product prices and the weakening of the US dollar against the Malaysian ringgit.

Despite the decline in oil prices during the year, HRC delivered a significantly stronger financial performance, with gross profit more than doubling to RM414.0 million, representing a 110.5% year-on-year increase (2024: RM196.7 million). This improvement was driven by stronger crack margins across all key products, with blended average crack margins increasing by approximately 13.0% compared to FY2024.

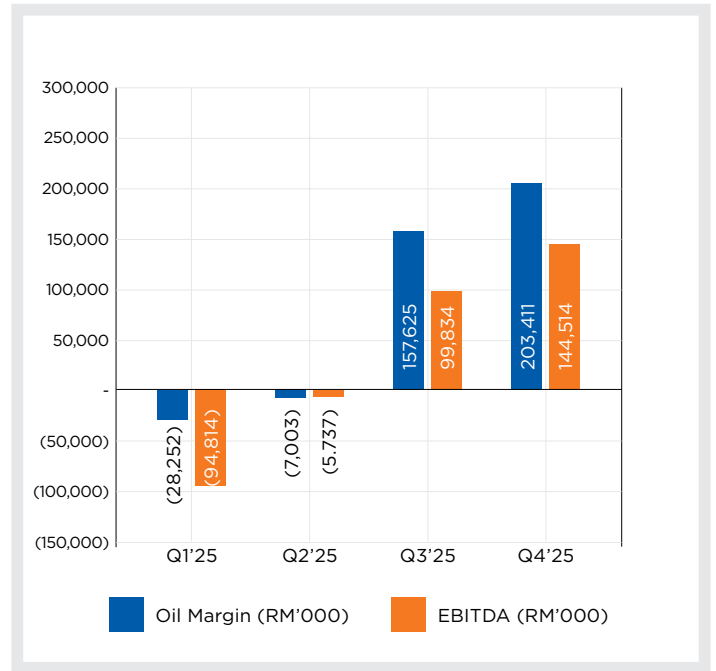
This was further supported by improved plant availability and operational efficiency, which led to higher production yields. In addition, the continued execution of prudent and well-structured financial risk management strategies contributed to the overall improvement. As a result, the Company recorded a marked turnaround by delivering positive earnings before interest, tax, depreciation and amortisation (EBITDA) of RM143.8 million, its first since 2021, and also narrowing its net loss position, with losses after tax (LAT) reduced by 27.2% to RM260.2 million.

Management Discussion and Analysis

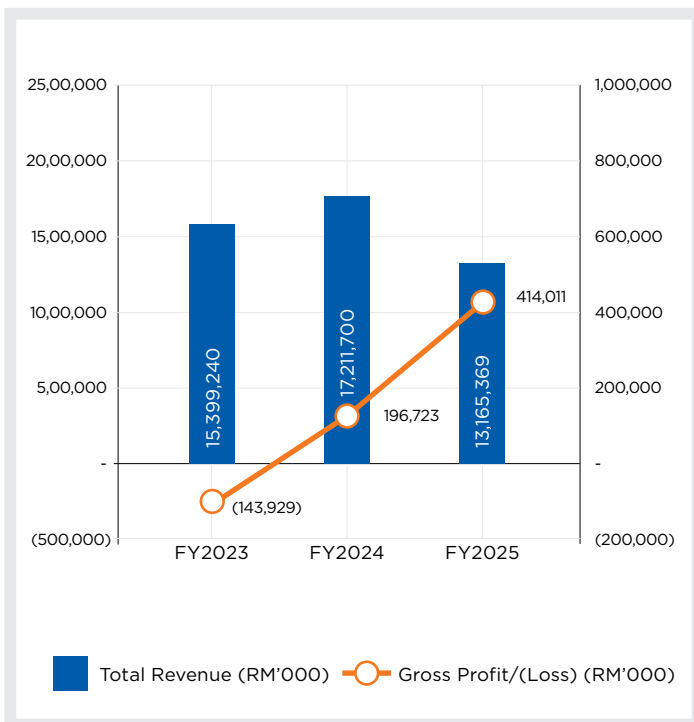
Quarterly Revenue & Crude Price For FY2025



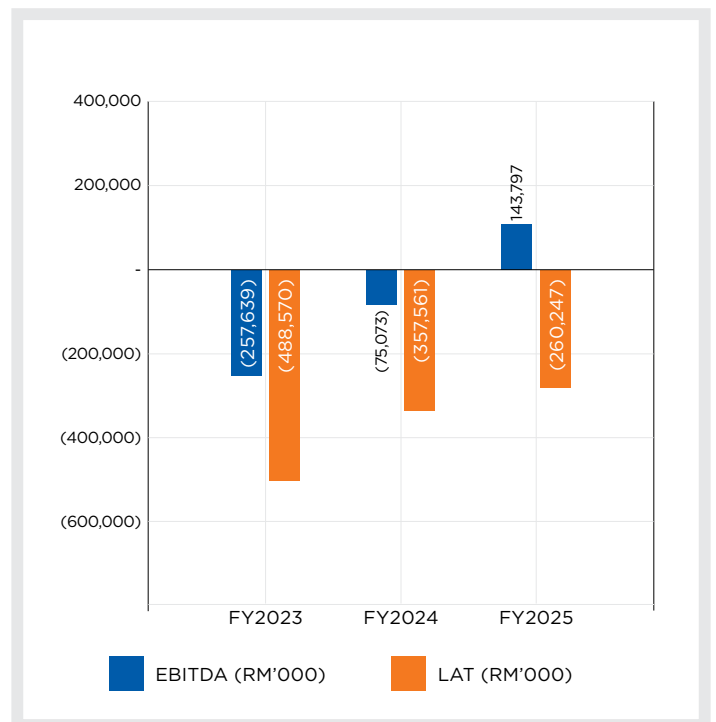
Quarterly Oil Margin & EBITDA For FY2025



Revenue & Gross Profit/(Loss) FY2023 - FY2025



EBITDA & LAT FY2023 - FY2025



Management Discussion and Analysis

	Audited		
	2023 (RM'000)	FYE 2024 (RM'000)	2025 (RM'000)
Revenue	15,399,240	17,211,700	13,165,369
Gross profit/(loss)	(143,929)	196,723	414,011
Earnings before interest, tax, depreciation and amortisation	(257,639)	(75,073)	143,797
Profit/(Loss) before taxation	(499,960)	(357,561)	(173,710)
Loss for the financial year	(488,570)	(357,561)	(260,247)
Non-current assets	2,343,010	2,215,726	2,012,134
Current assets	3,294,848	1,559,985	2,291,134
Total assets	5,637,858	3,775,711	4,303,268
Non-current liabilities	504,674	373,896	198,600
Current liabilities	3,730,618	2,251,638	2,958,017
Total liabilities	4,235,292	2,625,534	3,156,617
Equity attributable to owners of our Company/Net assets	1,402,566	1,150,177	1,146,651
Cash and cash equivalents (including restricted cash)	1,028,529	679,096	905,763
Total borrowings	1,720,881	1,433,741	1,260,669
Weighted average number of Shares in issue ('000) ^(*)	330,259	330,259	382,040
Basic earnings/(loss) per Share (sen) ^(*)	(147.94)	(108.27)	(68.12)
Gearing ratio ^(**)	1.23	1.25	1.10

(*) Comparative figures have been restated to reflect the effects of the rights issue exercise completed on 30 October 2025.

(**) Calculated based on the total borrowings (excluding lease liabilities) over the equity attributable to owners of our Company.

Management Discussion and Analysis

ASSET AND BALANCE SHEET

While HRC's current liabilities have exceeded its current assets, HRC continues to have sufficient cash to meet working capital requirements for the next financial year. The Company's net current liabilities position is primarily attributable to borrowings that are substantially short-term, as well as trade and other payables arising in the ordinary course of business. HRC continues to have access to credit facilities and the continuous support of its lenders, as well as that of world renowned crude suppliers.

HRC's total assets position grew by 14.0% in 2025 year-on-year to stand at RM4.30 billion. Total assets had risen on the back of increases in inventories and bank balances for the financial year. Trade receivables had also improved by 8.4% to RM484.3 million. Inventories increased due to the replenishment of crude and product stocks to normal operating levels, compared with the lower levels held in December 2024 following the scheduled year-end pitstop maintenance exercise, which was completed in mid-January 2025.

Bank balances were higher in 2025, attributable to improved operating profit, which led to net cash inflows, as well as proceeds received following the successful "Rights Issue" of 300,000,000 new ordinary shares and 149,999,984 free detachable convertible warrants in 2025. Please see the "Right Share Issue with Warrants" subsection of this MD and A for more details. This exercise also increased HRC's share capital for the financial year.

In 2025, trade and other payables were higher in tandem with the increase in crude oil purchase activities to support the increased refinery production intake volume. Borrowings decreased in tandem with the scheduled principal repayment of RM136.0 million under the MTN programme and the favourable impact of a weaker USD exchange rate on USD-denominated revolving credit. Consequently, borrowings denominated in Malaysia ringgit were lower year-on-year.

RIGHT SHARE ISSUE WITH WARRANTS

In 2025, HRC undertook a corporate exercise comprising a Rights Share Issue with Warrants, with the objective of strengthening its working capital to secure additional crude oil feedstock, improve operational efficiency, and enhance the Company's equity base and financial flexibility.

At the Company's Extraordinary General Meeting (EGM) held on September 18, 2025, shareholders of HRC had voted in favour of approving a renounceable rights issue of up to 300,000,000 new ordinary shares in the Company (Rights Shares) at an issue price of RM0.78 per rights share together with up to 150,000,000 free detachable warrants (Warrants) on the basis of one (1) Rights Share for every one (1) existing Company share held and one (1) Warrant for every two (2) Rights Shares subscribed.

The Rights Issue exercise was overwhelmingly accepted and strongly supported by our shareholders, having been oversubscribed by 122.8%, and raised gross proceeds of RM234 million. The successful completion of this exercise has strengthened the Company's working capital position, enabling the procurement of additional crude oil feedstock to support and optimise refinery utilisation, as well as to enhance operational efficiency.

Together with the Company's RM680 million Medium-Term Notes (MTN) facility and multi-currency revolving credit facilities, this corporate exercise has further reinforced the Company's equity base and ensured an optimal capital structure commensurate with the scale and size of the Company's operations.

In addition, the Warrants, which are issued at no additional cost together with the Rights Shares, are intended to reward entitled shareholders as the Warrants grant the holders an option to further increase their equity participation in the Company. In addition, the issuance of the Warrants also provides an additional incentive for entitled Shareholders to participate in the Rights Issue with Warrants through the subscription of the Rights Shares. It will also enable HRC to raise further equity funds upon any future exercise of the Warrants, which will further strengthen our capital base. Additionally, as the Warrants were listed and traded separately from the HRC shares, this will also provide entitled Shareholders with an avenue to monetise the Warrants should they choose to do so.

Management Discussion and Analysis

SAFE, SECURE AND RELIABLE OPERATIONS

HRC's unwavering focus on Quality, Health, Safety, Security and Environment (QHSE) performance continued to be a strategic focus area for the Company. On all fronts, HRC has seen considerable improvements. Of note, 2025 was another zero-fatality year. This year also saw HRC record zero lost time injuries/incidents, a further attestation of its strong commitment and high standards in ensuring a safe work environment for all stakeholders, particularly employees.



The zero track record for fatalities is attributed to the constant efforts to reinforce a Safety-First mindset and organisational culture in the Company. This is reflected in the continuous investments made in preventing HSE incidents across the refinery operations and the development of a preventive stance in reducing risks through pre-emptive intervention, checks and the continuous development of staff competencies and expertise through training and safety drills. In 2025, a wide range of safety training and drills were conducted for employees. Kindly refer to SR2025 for the full list of QHSE related training undertaken during the financial year.

2025 saw the implementation of the Intelligent Patrol Management System (IPMS) for the purpose of closer inspection of refinery operations. This system enhances refinery operations monitoring. The RFID based IPMS system utilises a sleek handheld device - slightly larger than a standard smartphone, that serves as a digital bridge between site personnel and the refinery's maintenance assets. IPMS enables round-the-clock on-ground monitoring of the refining operations. To log a check, monitoring personnel must be physically present

at the equipment location to scan a localised RFID tag. This ensures that all assets and equipment are thoroughly inspected by personnel in accordance with the prescribed schedule.

The use of RFID technology has enhanced the safety patrols, enabling more precise accuracy and timeliness in safety checks. This enables swifter rectification of issues before they increase in magnitude and complexity. It enhances existing oversight and implementation through real-time patrol tracking and automated reporting. It enables faster response to incidents, ensures consistent monitoring of critical areas, and strengthens compliance resulting in a more efficient, reliable and safe operation. The proactive approach implemented based on a leading indicator identification system has been widely effective in enhancing the accuracy of safety checks and ensuring comprehensive monitoring of our entire plant.

Another key highlight was the launch of the iCARE4Safety - Back2Basics programme. The programme focuses on education, engagement, and visible leadership to cultivate a proactive and sustainable safety

culture, ensuring that safety remains a shared responsibility for all employees and contractors. A key aspect of the programme is embedding the principle of **"I See, I Check, I Act and I Care"** in daily operations, supporting the organisation's commitment to Goal Zero and the wellbeing of its workforce.

Back2Basics commenced in the third quarter of 2025 through a structured series of engagements. Key initiatives launched included Educational Safety videos, iCARE4Safety Reel Deal, media sharing on HSSE knowledge and best safety practices. A fundamental aspect of Back2Basics is the Pacemakers programme, who serve as safety ambassadors and peer leaders. The Pacemakers comprise 50 HRC employees and contractors from multiple disciplines and professional backgrounds. Their role is to lead by example - actively participating in related activities and promoting safe work behaviours, and if necessary, undertaking constructive safety interventions. In turn, this is expected to positively influence their peers in strengthening safety ownership and accountability and contribute to an overall improvement in commitment to QHSE across HRC.

Management Discussion and Analysis



INVESTING IN HUMAN CAPITAL

Continuing with its focus on human capital, in 2025, HRC looked to maintain its agenda of developing its employees. The Company continued to implement its Capacity Building & Mentorship programme throughout 2025. This involved immersive training for new hires to accelerate their familiarity with refinery operations. By focusing on “Technical Buying” and site-exposure for non-technical roles.

Various projects and programmes were undertaken in 2025 in relation to human capital retention and development. These included Causal Learning Facilitator Training. The workshop covered key concepts, facilitation techniques, and practical application of the Causal Investigation & Learning methodology to strengthening participants’ capability in leading future sessions effectively.

A notable highlight has been the improvements made in the area of good corporate governance and anti-corruption. In 2025, the Company successfully integrated the Anti-Bribery Management System (ABMS) requirements into the tendering and contract signing process. This includes compulsory Conflict-of-Interest (COI) declarations to ensure a transparent supply chain. The focus by Procurement is on balancing sustainability goals with business requirements to achieve strong ESG implementation by suppliers while ensuring the ESG agenda does not inadvertently drive-up costs or restrict the vendor pool.

“ Continuing with its focus on human capital, in 2025, HRC looked to maintain its agenda of developing its employees. ”

Management Discussion and Analysis

LOCAL COMMUNITY ENGAGEMENT AND WELLBEING

As in previous years, engagement with local communities remains a structured priority for HRC. As a refinery that has operated in Port Dickson for several decades, the Company recognises that residential and commercial developments have progressively expanded in the surrounding vicinity over time. Accordingly, HRC acknowledges the importance of sustaining stakeholder trust and the wellbeing of communities as well as maintaining proactive engagement with neighbouring communities to support long-term operational continuity and risk management to provide a safe environment.

In December 2025, HRC held its annual Hari Bersama Komuniti at the HRC Sports Club. The event was attended by government agencies and the community and served as an opportunity for two-way interaction and engagement, enabling the community to directly air their concerns and aspirations to HRC's Management.

Feedback received during such engagements was formally documented and assessed through internal governance processes to determine appropriate follow-up actions where necessary.

In 2025, beyond ensuring regulatory compliance for waste, effluents, emissions and noise levels, HRC continued to monitor environmental parameters in accordance with the Department of Environment (DOE) requirements and maintained accessible communication channels for community-related enquiries. Where concerns were raised, relevant operational and technical teams conducted assessments to ensure timely clarification and response.

Management recognises that effective community engagement reduces perception gaps, mitigates reputational risk and supports regulatory confidence. By integrating community considerations into operational planning and risk management processes, HRC reinforces its commitment to responsible operations and long-term value preservation.



HRC Community Lunch Gathering 2025



Management Discussion and Analysis



OUTLOOK AND PROSPECTS

“ Ongoing geopolitical conflicts, uneven economic recovery patterns across countries and other factors continue to inhibit global economic growth with 2026’s GDP expansion projected at 3.3% for 2026 and 3.2% for 2027, revised slightly upwards from the October 2025 World Economic Outlook. ”

Technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability have helped to offset trade policy shifts. However, the sudden eruption of conflict in the Middle East has altered the growth trajectory forecast trajectory for the oil and gas sector. While crude oil prices have breached the USD100 mark in recent months, it remains to be seen if the surge is a temporary, knee-jerk reaction to present market turbulence, or the start of higher prices over medium to long-term.

However, the effects of higher prices are clearly being felt as the past through effects grow increasingly evident across the world. From higher pump prices to increased aviation costs due to a premium in jet fuel, the ramifications from the ongoing conflict are poised to have socio-economic effects on nations, economic sectors and certainly the world. It remains to be seen how OPEC+ intends to respond in controlling the upward spiral of crude oil and gas.

Disruptions in key trade routes such as the Strait of Hormuz, the Gulf of Aden and others would have significant disruptive effects on supply chains, while trade disputes between the US and China are likely to further impact market fundamentals.

Given the many possible scenarios, it is difficult to determine a definitive pathway for the oil and gas sector. The fluid and unpredictable nature of political developments across the world (which influence national policies and regional conditions) continues to create uncertainty. However, what remains clear is that the world continues to be heavily reliant on fossil fuels for its energy needs. Despite increased use of renewable energy and various other alternatives, oil and gas and their derivatives remain vital and in fueling the global economy.

There are also positive developments that augur well for HRC going forward. The imposition by the Malaysian government requiring all flights departing from KLIA 1 to use 1.0% sustainable aviation fuel will translate into increased demand for such fuel. This benefits refiners, including HRC. HRC’s direct pipeline to KLIA enables the Company to be in an advantageous position to benefit from the switch to more sustainable jet fuel in 2026. In addition, 2026 is Visit Malaysia Year and with that, there is expected to be more flights to and from Malaysia, which could also lead to an increase in aviation fuel demand.

Management Discussion and Analysis

In terms of demand for gas oil, the bulk of passenger and commercial vehicles including new vehicles entering the market are reliant on internal combustion engines (ICE). Hence, demand for gasoil and mogas (U95/U97) is expected to remain stable. On the whole, demand for refined products is expected to remain robust going into 2026.

HRC's focus remains on its top three products, which are gasoil, mogas (U95/U97) and jet A1. The Company shall continue to adjust its overall product mix in favour of higher margin products in 2026. In developing new customers, HRC will continue to leverage its unique position as a standalone refinery in Southeast Asia. This enables the Company to provide refined products to any customer who wishes to source from a domestic refiner to save logistics costs.

The total supply of refined products in Malaysia continues to be lower than market demand. As domestic customers prefer locally sourced refined products, this augurs well for all players as demand is expected to increase going forward while the supply capacity remains limited.

The onus now is for HRC to capture the potential upside by focusing on internal efficiency and ensuring stable refinery operations with minimal to zero unplanned disruptions. Hence, the continued focus on undertaking key asset refurbishment programmes as well as continuation of BIPs and the RP as well as Asset Masterplan in 2026. For 2026, the focus shall shift to quantifying the specific profit and margin contributions of completed BIPs to HRC's financial performance.

Key projects earmarked include the air separation unit (ASU) project, which is critical for producing high-purity industrial gases for the refinery. The project supports the

refinery's long-term efficiency and facilitates gas supply independence, thus reducing cost and enabling more efficient business operations. Specifications and finalised timelines for rollout continue to be reviewed closely to ensure all technical and safety parameters are met prior to commencement. Other projects include the HDS2 (hydrodesulfurization unit) 3rd Gas Compressor project intended to increase diesel production which is targeted for completion by the end of 2026. Upon completion, diesel production is expected to increase by 9%.

In the face of a challenging operating environment, the Company pursued a disciplined, multi-pronged strategy focused on resilience, diversification and margin optimisation. Enhanced hedging reduced exposure to oil and product price volatility and protected future margins, while diversification efforts strengthened the customer base, and supported by a continued strategic relationship with main customer, Shell.

Operational optimisation improved profitability through a higher-margin product mix and reinforced the Company's strong domestic position, with over 80% of products sold within Malaysia. These initiatives position the Company for improved financial performance and sustainable growth in the near and long term.

Looking ahead, the Company remains confident that the strategic initiatives undertaken, together with prudent operational and financial risk management, continued operational discipline and ongoing technology enhancements, will position it as one of the critical refinery within the region that deliver prime high-quality products, optimise production efficiency with sustainable growth of stakeholders' value.

“ Company remains confident that the strategic initiatives undertaken, together with prudent risk management and continued operational discipline, will position the Company to deliver improved financial performance and sustainable growth in stakeholders' value. ”

SRRO and CRRO Identification

DETERMINING MATERIALITY MATTERS

HRC's approach to determining its material sustainability and climate related risks and opportunities is driven by the following strategic considerations:

Strategic Considerations for Determining SRROs and CRROs



SRRO and CRRO Identification

Through strategic consideration of the above factors by Management, HRC was able to (with a reasonable extent of accuracy and business relevance) identify potential material topics. The prime focus was on how each identified sustainability risk and opportunity (SRRO) and climate related risks and opportunities (CRROs) could reasonably affect the Company's prospects over the short, medium, and long term.

The top topics were assessed collectively by Management during the Integrated Thinking workshop held in January 2025, facilitated by HRC's IFRS licensed Integrated Reporting Training partner, Joshua Rayan Communications (JRC). Aside from its status as an IFRS licensed Integrated Reporting Training partner, JRC is also an IFRS Sustainability Alliance Member.

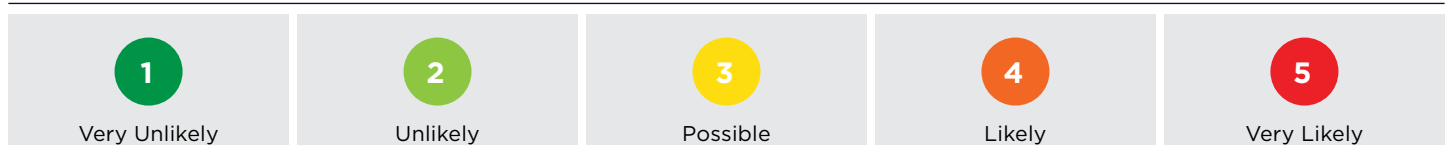
The workshop entailed Management providing a collective view through rigorous discussion and deliberation on the Company's top SRROs as well as CRROs. This includes determining the severity and likelihood of impact for top material SRROs and CRROs based on short, medium and long-term horizons.

Inputs provided by Management were analysed and assessed with preliminary findings developed and presented for Management's review and feedback. Feedback provided by Management enabled further refinement of the topics, including the finalisation of the selected SRROs.

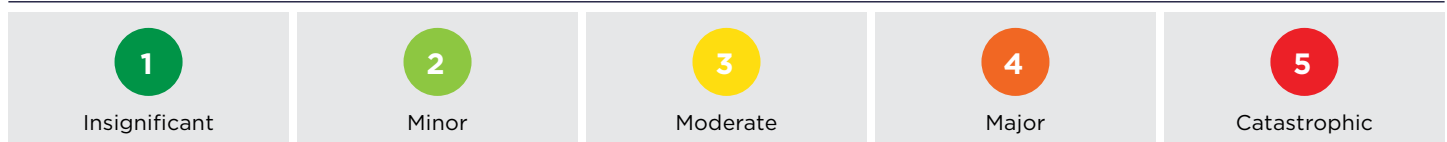
In refining CRROs, HRC held a climate risk assessment (CRA) exercise in December 2025, facilitated by JRC, who has conducted numerous CRAs over the past two to three years for public listed companies in Malaysia. The CRA was undertaken to ensure a systematic and strategic approach in identifying CRROs, both physical and transition CRROs, which could impact the Company over the short, medium and long-term perspectives. The risks and ensuing impacts include financial impacts such as implications for revenue and earnings, asset valuations, liabilities, cash flow and also impacts on the Company's supply chain.

The CRA is structured around a dual-rating scoring system that evaluates both the likelihood and severity of each identified risk. By combining the likelihood and severity ratings, the assessment team generates overall risk scores for each identified climate-related risk.

Likelihood (Based on historical data and future projections, with ratings from Rare to Almost Certain)



Severity (Based on the potential financial, operational, and reputational impact. Ratings range from Minor to Catastrophic)



The CRA also uses time horizons to assess CRROs.

Short Term		<2 years	2025 - 2027
Medium Term		2-10 years	2028 - 2031
Long Term		>10 years	2032 - 2050

The combination of severity and likelihood produces a Risk Matrix, categorising risks as Low, Medium, High, or Critical. After identifying and assessing the risks and mitigation strategies in the CRA, HRC integrates the findings into the Company's Risk Management system which is based on the Company's ERM system.

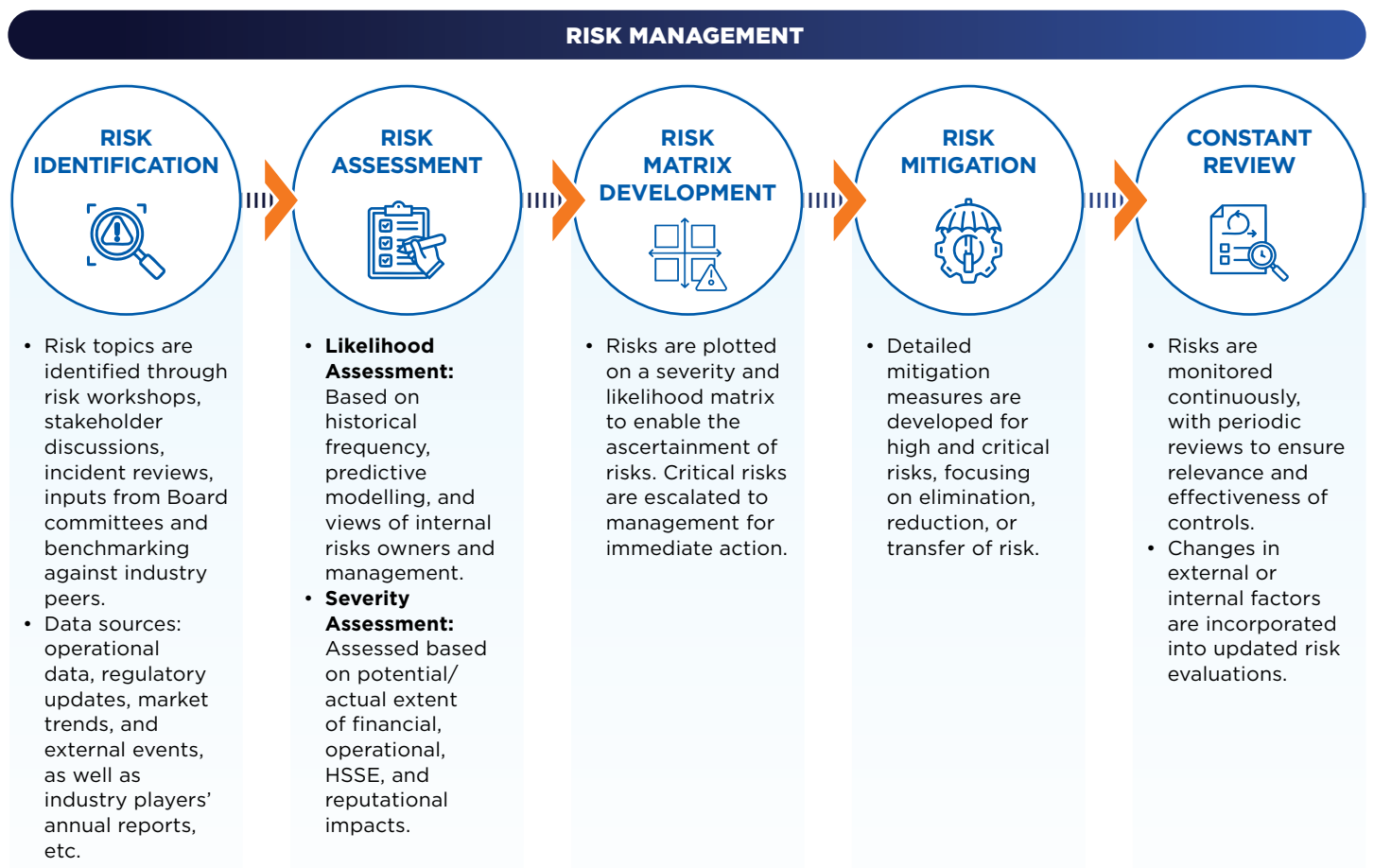
SRRO and CRRO Identification

Enterprise Risk Management Framework

HRC also leveraged its structured Enterprise Risk Management (ERM) framework, using established risk parameters for severity and likelihood to assess the financial materiality of CRROs. The ERM also has an additional consideration factor, that is risk prioritisation to categorise risks into several tiers based on severity. This enables a more structured focus on higher tiered risks and supports more efficient allocation of resources for mitigation.

The ERM employs structured methodologies for risks identification, assessment and prioritisation. These include internal audits, incident reviews, stakeholder engagements, and market analyses. The process and activities are undertaken by a dedicated Risk Management team, spearheaded by a Risk Manager. The Risk Management team reports its findings to Senior Management and subsequently to HRC’s Board Risk Management Committee (BRMC) on a quarterly basis.

In essence, the updated Risk Register is presented to the BRMC, which reviews and challenges the findings presented by Management. These include seeking clarification on the adequacy of mitigation measures and potential future scenarios and developments pertaining to the more material risks. In recent years, the coverage of risks by the Risk Management Team has extended to sustainability risks such as climate and social risks.



SRRO and CRRO Identification

In assessing the efficacy of mitigation measures, HRC employs stress testing, leading and lagging indicators and feedback loops. This leads to the possibility of residual risks, where despite the best efforts of HRC, a particular risk or risks cannot be fully eliminated due to factors beyond the Company’s control such as market volatility, which affects the prices of crude oil and refined products, weather conditions, changes in governmental policies or regulatory requirements and so forth. Residual risks are monitored closely through the use of Key Risk Indicators (KRIs) to continuously monitor and mitigate them.

This approach ensures a balanced risk management strategy, addressing immediate concerns while planning for sustainable growth. This system is aligned with ISO 31000:2018 on Risk Management Principles and Guidelines and is supported by an external service provider every two years. Upon review, the Company prioritises the most relevant and impactful climate-related risks and allocates the budget accordingly.

Application of Materiality Judgement

In the development of risk severity and likelihood criteria for SRROs, Management has exercised judgment based on their unique and inherent perspectives of the Company’s business model, its value chain, resource or capital dependencies as well as its innate understanding of the present and expected trends and developments in the external operating environment. Industry experience, collective views and consensus essentially, integrated thinking were also tapped to, as accurate as possible ascertain SRROs. This is referred to as the strategic understanding of the Company.

Where possible, to complement and substantiate perspectives, past data and information, including past precedents were referred to, which also enabled more informed judgment making. In cases where there were no precedents or information from industry peers of industry averages and statistics, estimates were applied by Management based on their own strategic context. This included quantities or impacts that could not be directly quantified. In addition, estimations have been made where the sustainability information relates to an entity in the value chain and needs to be estimated, is related to forward-looking information, or involves data limitations.

For IAR2025, only SRROs and CRROs deemed to be more financially material¹ with higher financial risk severity and likelihood of occurrence have been disclosed. This is based on the material judgment of management based on the risk severity and likelihood scores developed and validated for all identified SRROs.

Preventive Measures, Mitigation Action and Remediation Plans

HRC’s SRRO disclosures, beyond providing risk severity and likelihood disclosures as well as impacts on financial performance and financial position, also includes preventive and mitigation strategies and where required, remediation measures.

LEGEND:

Nature of Risk:			
Acute	Chronic		
Nature of Risk:			
Short (0-2 years)	Medium (2-5 years)	Long-Term (6-10 years)	
Likelihood:			
LOW	Medium	High	
Severity:			
Minimal	Moderate	Significant	Catastrophic

¹ Financially material SRROs are SRROs deemed to potentially have or can be reasonably be expected to impact the Company’s revenue streams, earnings, CAPEX and OPEX as well as cash flows, access to finance or cost of capital.

SRRO and CRRO Identification

M1

ECONOMIC PERFORMANCE

Description and Effects on Business Model and Value Chain

As an independent, standalone refinery, HRC's business model is influenced by market forces and the demand and supply dynamics for crude oil. Fluctuations in crude oil prices can either positively or negatively erode margins due to changes in the purchase price of crude oil and/or in market prices for refined products.

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.

EFFECTS ON STRATEGY AND DECISION MAKING

The external trends and developments such as geopolitical upheavals, governmental policies and global or national energy strategies are beyond the control and influence of HRC. However, HRC continues to closely monitor these external changes based on potential implications and permutations over short, medium and long-term horizons.

The Company continues to be adept and agile – adjusting its business and operational strategies in tandem with prevailing market conditions. This includes implementing appropriate hedging positions in tandem with the price of crude, changes to the production of refined products based on market prices and which offer higher margins.

The Company will continue to enter into foreign currency hedge transactions to manage this exposure.

In addition, the need to develop stronger insulation against market dynamics spurs continued implementation of Business Improvement Plans (BIPs) to expand intake capacity, reduce oil loss and wastages, increase yield from recycling and to derive improved cost and production efficiency.

NATURE OF RISKS AND TIME FRAME

Timeframe:



Likelihood:



Severity:



MITIGATION AND ADAPTATION

Development of effective hedging strategies with the Company taking various positions for crude oil and refined products.

In 2025, 10 BIPs were successfully implemented and completed with the remaining three planned for 2026.

Additional improvement measures such as works on the ASU and projects under the Reliability Plan and Asset Master Plan have also been identified for implementation in 2026 and beyond.

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 ensure a natural hedge for crude oil and refined product prices.

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.



Kindly refer to the Management Discussion and Analysis section

SRRO and CRRO Identification

M2

PRODUCT QUALITY

Description and Effects on Business Model and Value Chain

The government-imposed transition to Euro 5M fuel in Malaysia, effective by September 2026, requires all refiners to recalibrate their processes to meet new regulatory standards. Euro 5M has lower sulphur content and lower content of various other chemical compounds contained in current fuels.

The transition to Euro 5M would necessitate changes in production processes and capabilities to ensure continued regulatory compliance.

Changes/increases in stringent product specifications such as the requirement to upgrade to Euro 5M specifications can lead to short-term challenges in meeting product quality. In addition, efforts to meet these requirements.

EFFECTS ON STRATEGY AND DECISION MAKING

Since 2024, HRC has continued to prioritise compliance with the Euro 5M requirements. This includes undertaking necessary changes in processes, refurbishing or investing in new equipment where needed and also in hiring and developing internal experts.

Higher product specifications can lead to increased product giveaway as produced output surpasses the minimum threshold for release.

While regulatory changes on product quality can impact business strategies and operational processes, it also presents opportunities to showcase the resilience and adaptability of HRC to meet evolving regulatory standards. This strengthens market credibility, further fuelling customer trust and confidence.

NATURE OF RISKS AND TIME FRAME

Timeframe:



Likelihood:



Severity:



MITIGATION AND ADAPTATION

Completed 2025 with ZERO Product Quality Incidents while a total of 14,713 product batches were successfully released to customers.

A 28% reduction in PQGA (Product Quality give away) in 2025 as compared to previous year.

Thus far, HRC's efforts have seen the Company achieve 100% readiness by end 2025 and the first products compliant with the Euro 5M standard is well on track for market distribution by the government deadline of September 2026.

Capacity enhancement in Platforming unit to generate more hydrogen for gasoil optimisation.

Diversification of cheaper fuel to reduce fuel cost via installation of facilities for natural gas import as fuel.

Reducing product quality giveaway via installation of an automation system at the E4M production facility.

SRRO and CRRO Identification

M4

RELIABLE OPERATIONS AND PRODUCTION

Description and Effects on Business Model and Value Chain

HRC's refining facility is one of Malaysia's oldest, operating since the 1960s. Hence, the need for constant refurbishments, repairs and upgrades is high with operational maintenance being a significant area of focus, requiring constant intervention to achieve operational uptime and optimum production levels.

Any significant breakdown as experienced with the LRCCU can lead to significant operational disruption and consequently, reduced output and ultimately impacts on operational and financial performance.

EFFECTS ON STRATEGY AND DECISION MAKING

The need to allocate significant OPEX and CAPEX annually for refurbishment, asset upgrades and other types of maintenance would require significant strategic planning and budget allocation.

However, the present approach of continuing to run the refinery, despite its age is strategically sound. HRC is one of only 4 refineries based in Peninsular Malaysia and continues to see rising demand for refined products with each passing year. Hence, undertaking the necessary repairs, refurbishments and upgrades would ensure continued operational capability at optimal levels and also enable the Company to benefit from the rising demand for crude oil products in Malaysia.

NATURE OF RISKS AND TIME FRAME

Timeframe:



Likelihood:



Severity:



MITIGATION AND ADAPTATION

UPDT recorded a low rate of 0.66%, well below the KPI target of 1.6%.

Completed nine Major Process Troubleshooting exercises and 10 BIPs - higher than the targeted 7 for 2025.

SRRO and CRRO Identification

M5

SUPPLY CHAIN MANAGEMENT

Description and Effects on Business Model and Value Chain

Disruptions to supply chains caused by geopolitical factors such as trade wars, impacts on shipping lanes and climate change can impact the availability, pricing and quality of raw materials, particularly supply of crude oil to the refinery. It may also lead to situations where there is little or excessive supply of crude.

The former could lead to lack of raw materials for production, thereby impacting the ability to capitalise on market demand. The latter may cause scheduling issues with vessels having to be managed with a potential risk exposure to incurring demurrage costs.

EFFECTS ON STRATEGY AND DECISION MAKING

Given the Company's requirements for constant and steady supply of crude, it is essential for effective planning in the event of disruption. This includes planning scheduling well in advance and developing effective vessel management strategies to avoid a backlog and thus leading to demurrage costs.

NATURE OF RISKS AND TIME FRAME

Disruption in supply can be both acute and chronic. Disruptions in supply could be a sudden or one-off disruption or a longer-term issue, particularly due to war, disruption in shipping lanes and more.

Timeframe:



Likelihood:



Severity:



MITIGATION AND ADAPTATION

HRC's progressive efforts on addressing demurrage costs has been well effective, resulting in significant reduction of 70% achieved in 2025.



Kindly refer to the MD and A for specific information.

SRRO and CRRO Identification

M13

HEALTH AND SAFETY

Description and Effects on Business Model and Value Chain

While HRC has established an exemplary track record for OSH performance, the nature of crude oil refining operations indicates a continuance of residual risks to employees, local communities and the operational site.

Any health and safety incident, may lead to short or longer-term operational shutdown, leading to disrupted productivity. In addition, other risk impacts could be regulatory penalties such as fines as well as loss of customer trust and credibility and reputational impacts. It is possible that there may also be higher insurance premiums.

EFFECTS ON STRATEGY AND DECISION MAKING

The Company continue to prioritise health and safety given its materiality to regulatory compliance and ultimately financial, business and operational performance.

Hence, the focus is on preventive actions with a high emphasis on ensuring sufficient personal protection equipment, employee training, development of comprehensive systems and processes that meet regulatory requirements, establishment of policies and development of robust internal controls.

Focusing on OSH not only ensures safe and secure operations but also can leads to improvements in operational and cost efficiency. A safe working environment instils stakeholder confidence, particularly among employees. This has a positive effect on employee productivity and morale, the ability to recruit talent, particularly from local communities and a continued license to operate from regulatory authorities.

NATURE OF RISKS AND TIME FRAME

Acute as OSH incidents can happen across any timeframe.



Minimal to significant depending on type of incident, location, timing and affected stakeholders.

MITIGATION AND ADAPTATION

- 1) Counting No Harm and No Leak days and incorporation of personal safety items in site scorecard to sustain worker motivation.
- 2) Regular HSSE campaign based on threats seen from NMPI submission.
- 3) NM/Incident will undergo investigation process and learnings will be shared through a weekly meeting.
- 4) Goal Zero Walk/Safety Recognition programmes - Pride moment highlighting great effort done by individual to safeguard safety & Monthly CEO HSSE Award.
- 5) Day-to-day site inspection and intervention.
- 6) In-house training: Shift mandatory training, AGTES, AESP, Firewatcher, safety induction and etc.
- 7) Replacement of all Fire Fighting Equipment & ER Fleet.

SRRO and CRRO Identification

M14

LOCAL COMMUNITY

Description and Effects on Business Model and Value Chain

Given the refinery’s proximity to residential communities, stakeholder trust and social acceptance are considered material to HRC’s operational resilience and long-term sustainability.

Perception gaps, misinformation or unresolved community concerns may result in reputational impact, increased regulatory scrutiny or operational disruption. Sustained escalation of such matters could lead to higher compliance costs, delays in regulatory approvals, operational constraints or adverse stakeholder sentiment.

Accordingly, community-related matters are integrated into HRC’s Enterprise Risk Management framework and assessed through the Company’s periodic materiality review process. Risks are evaluated in consideration of potential operational, financial and reputational implications across short-, medium- and long-term horizons.

EFFECTS ON STRATEGY AND DECISION MAKING

HRC continues to incorporate stakeholder concerns in its strategic thinking and day-to-day operational matters. This includes ensuring a swift response to queries or issues raised and the development and strengthening of communication/engagement channels with local communities, especially village heads.

Beyond correcting misconceptions, local community relations presents opportunities to create goodwill and drive positive associations with the HRC brand.

NATURE OF RISKS AND TIME FRAME

Timeframe:



Likelihood:



Severity:



Low to significant depending on nature of incident.

MITIGATION AND ADAPTATION

Mitigation measures include structured stakeholder dialogue platforms, accessible grievance mechanisms, ongoing environmental compliance monitoring and defined internal response protocols. Engagement outcomes are reviewed by Management to identify recurring themes and areas for improvement.

Through this structured and risk-informed approach, HRC seeks to strengthen operational resilience, maintain regulatory confidence and preserve long-term enterprise value.

Our Strategic Priorities

“ HRC continues to look ahead with its business strategies and market response developed in tandem with prevailing market trends and developments as well as the Company’s aspirations for sustained value creation and competitiveness. HRC’s strategic positioning is centred on a short, medium and long-term perspective with distinct strategic priorities and tactical execution plans developed towards addressing risks and opportunities and in essence, significant concerns. ”

STRATEGIES/ FOCUS AREAS	IN RESPONSE TO WHAT (RATIONALE: EXTERNAL/INTERNAL RISK/ OPPORTUNITY)	KEY FACTS/POINTS OF THE PLANNED STRATEGY/PROGRAMME/INITIATIVE
Re-strategising hedging policy	Volatility in global crude oil prices and risk of adverse hedging outcomes (external risk)	Shift towards shorter-term hedging positions to enhance flexibility and responsiveness to rapid market movements; reduces exposure to crude oil price volatility and potential loss-making hedging positions.
Scheduled maintenance and upgrading works on refining plant and critical equipment	Risk of operational disruptions, asset reliability issues, and need for sustainable plant performance (internal risk)	Preventive maintenance and upgrading works are undertaken to ensure asset integrity, reliability, and operational efficiency, while reducing unplanned downtime (UPDT) and supporting stable plant operations at optimal levels.
Sustainable Operational Excellence, Reliability and Optimisation	Continuous enhancement via business improvement initiatives within refinery operations aimed at enhancing overall production performance and cost efficiency.	<p>To increase intake and output capacity, improving yields of higher-value products, and optimising energy use and plant efficiency, thereby reducing operating costs. Key areas such as:</p> <ul style="list-style-type: none"> • 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; • cost reduction measures: installation of a dedicated berthing facility for Mogas at Berth 3 Jetty to reduce demurrage costs associated with vessel handling;

Our Strategic Priorities

STRATEGIES/ FOCUS AREAS	IN RESPONSE TO WHAT (RATIONALE: EXTERNAL/INTERNAL RISK/ OPPORTUNITY)	KEY FACTS/POINTS OF THE PLANNED STRATEGY/PROGRAMME/INITIATIVE
Focus on production of higher-margin products	Opportunity to enhance refinery profitability margins through product mix optimisation. (market opportunity)	Continued optimisation of gasoil (diesel) output by upgrading low-value cracked cycle oil into Euro 5 gasoil; implemented via advanced process control and automation in hydro processing units; enhances product quality and earnings without major capital investment.
Diversify products and customer base	Customer concentration risk and opportunity to expand market reach (internal risk/growth opportunity)	Strengthening relationships with existing main customer, Shell while expanding market reach through new sales and supply agreements with Petronas, Petron and Five, with a combined value approximately RM150 million (FYE 2024: RM186 million), representing approximately 1.1% of total revenue for both years, thereby broadening the customer base and enhancing monetisation of the product mix in regional markets.
Cost rationalisation exercises	Optimise operating costs while managing foreign exchange (FX) and procurement exposures within acceptable risk levels amid internal and external market volatility.	Key cost rationalisation measures undertaken during the financial year include the following: <ul style="list-style-type: none"> • Stringent controls implemented in the crude oil discharge process have led to a substantial reduction in both demurrage charges and oil losses. The average demurrage charges and oil losses for FYE 2025 decreased by approximately 70% and 40% respectively compared to FYE 2024. • Expanded supplier base while continuing to prioritise local suppliers, with emphasis on value for money based on quality and cost. • Leveraged parent company's network and strengthened approved vendor requirements to secure more competitive sourcing. • Shifted towards tender-based procurement and supplier performance reviews to enhance sourcing efficiency. • Enhanced FX hedging monitoring framework to optimise RM-equivalent crude procurement savings.
Emergency Drill – Exercise Merbok IX	Learning from recent external incident at Putra Height, related to pipe explosion and fire.	The drill was conducted on 21 January 2026 in collaboration with TNB, Petronas Gas Berhad and relevant government agencies.

Value Creation Model

CAPITAL INPUTS

Financial

All financial resources deployed for the execution of business model. Includes cash and bank balances, borrowings, retained earnings, shareholders' equity and investments. Financial outputs typically comprise revenues, earnings, sales and dividends.

- Retained earnings: **RM726.6 million**
- Bank balances: **RM905.8 million**
- Borrowings: **RM1.3 billion**
- Total Assets: **RM4.3 billion**
- Total Equity: **RM1.1 billion**
- Trade Receivables: **RM484.3 million**

Manufactured

All plant, machinery, assets and equipment deployed notably the refining plant towards generating refined products.

- Crude oil refining plant with licensed capacity of up to **156,000 barrels/day**
- Equipped with 2 crude distillers, LRCCU, HMU, hydro-processing, Euro 4M and Euro 5G units
- Multi-product pipeline to Klang Valley & KLIA
- Single buoy mooring system
- Jetty with **3 berths**

Intellectual

Comprising business strategies, proprietary systems and processes, internal methodologies and know-how and technology. Also includes the competences, capabilities and experience of the Board and Senior Management.

- Technical expertise provided through 55.67% ownership by Shandong Hengyuan Petrochemical Company Limited (SHPC)
- ISO based and industry best practice systems including proprietary methodologies and intervention strategies
- 10 tactics implemented under Business Improvement Plan (BIP)
- Implementation of structured reliability and performance monitoring systems (e.g. SCONE culture, RMF) supporting operational excellence

Human

The talent pool of employees who work across the business. This includes their skills, competences, professional capabilities as well as employee morale and satisfaction.

- 2.2 million manhours worked
- ICARE culture promoting integrity, collaboration, accountability, respect, and entrepreneurial mindset
- Targeted leadership and technical training programmes
- Continued support for SWAN (Site Women Action Network) to promote gender empowerment
- 1 town hall session and 8 Employee Engagement activities

Social

Comprising stakeholders' perceptions of HRC's operations, especially from community and regulatory stakeholders. Given HRC's business model comprising refinery operations, social capital is material to the Company's ability to operate.

- No LOPC, No Fire campaign
- Goal Zero (GZ) Walk programme
- Tier 3 Exercise Merbok IX emergency preparedness drill
- Program Pengurusan Perikanan Melalui Pendekatan Ekosistem Bersama Nelayan Negeri Sembilan
- dengan Kerjasama Hengyuan Refining Company Berhad
- Hengyuan Community Lunch Gathering 2025
- Local community festive celebrations

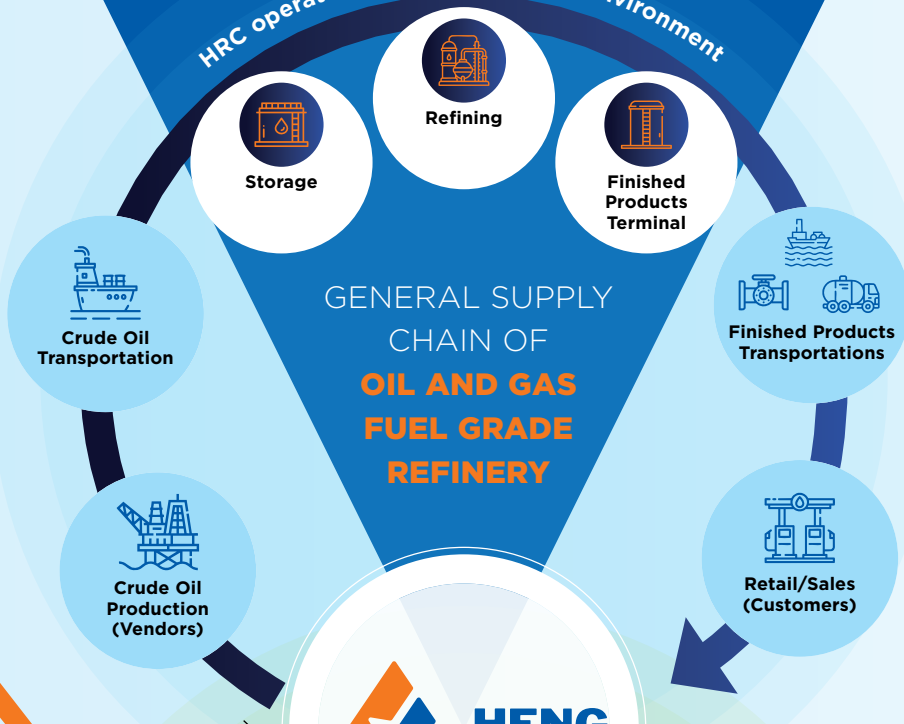
Natural

All physical resources sourced from the natural environment. This includes crude oil, energy, water, land and other resources. Outputs include regulatory compliant effluents and emissions as well as noise levels.

- 2,835 megalitres** of water consumption
- 15,406 TJ** of energy consumption
- Compliance with ISO 14001:2015 Environmental Management System
- Implemented Effluent Treatment Plant enhancements and CO Boiler Efficiency Boost
- Conducted introductory workshop on Life Cycle Analysis (LCA)

OUR BUSINESS MODEL

HRC operates in the downstream environment



GENERAL SUPPLY CHAIN OF OIL AND GAS FUEL GRADE REFINERY

OUR STRATEGIC PILLARS

People & Leadership

Future Focus

Operational Excellence

Stakeholder Value

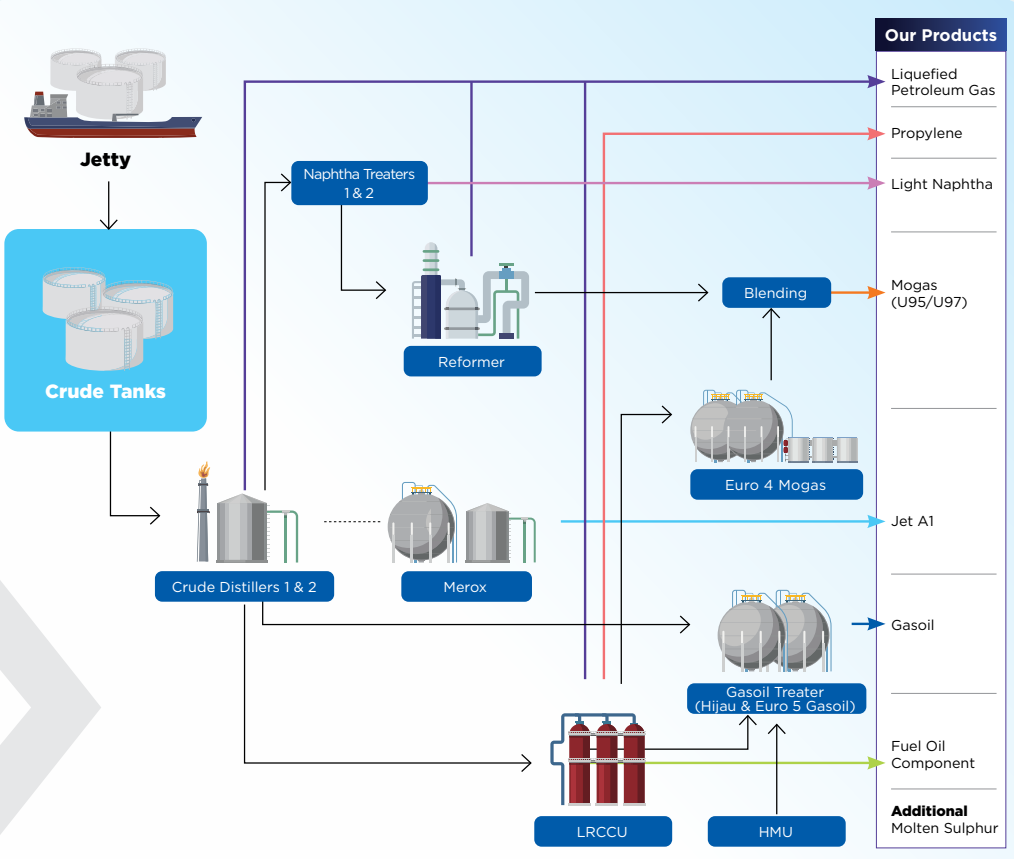
HSSE & Compliance

Our Operating Environment and Business Strategies

Our Risks and Opportunities

Value Creation Model

Through Our Operational Process

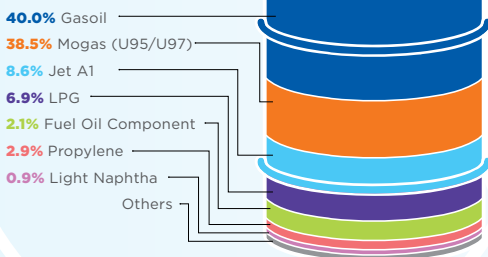


OUTPUTS AND OUTCOMES

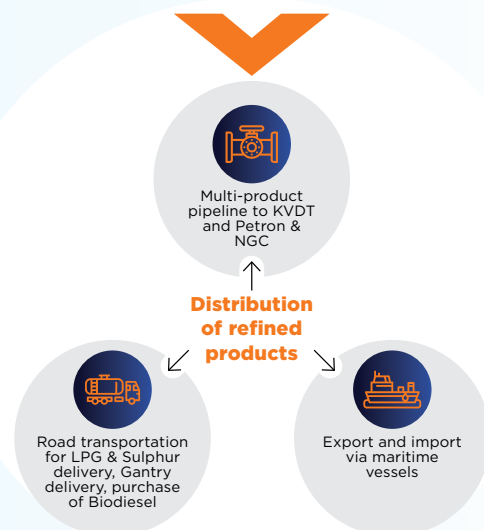
- Financial**
 - Revenue: **RM13.2 billion**
 - Gross profit: **RM414.0 million**
 - Retained earnings: **RM726.6 million**
 - Cash and cash equivalents as end 2025: **RM905.8 million**
 - Trade Receivables: **RM484.3 million**
 - Total Equity and Liabilities: **RM4.3 billion**
 - Fulfilled all repayment commitments
- Manufactured**
 - Produced **35.8 million** barrels of refined products
 - Unplanned downtime (UPDT) of 0.66%
 - Successfully reduced sulphur content to enable upgrade to E5M
 - Achieved approx. **24,000m³** per year in Gasoil savings at 10ppm sulphur level
 - Reduced cost of production of refined products through improved quality and faster time to market
 - Monitored wastages, including oil loss and product quality giveaway, to identify potential mitigation measures
- Intellectual**
 - Zero non-conformities in surveillance audits for ISO 9001, ISO 14001, ISO 45001, ISO 27001 in FY2025
 - Zero product quality incidents with the implementation of ISO/IEC 17025:2017 accredited laboratory operations
 - ISMS SIRIM surveillance audit and upgraded to ISO/IEC 27001:2022
 - Recertification audit for ISO 37001:2016 in FY2025
 - Improved procurement strategies
 - Expected annual margin improvement of approximately USD 3.5 million starting in 2026 from BIP
- Human**
 - 414-strong workforce of which 83% are permanent staff
 - 8,096.0 training hours delivered, averaging 19.6 hours per employee
 - 100% completion rate for anti-corruption training and annual integrity declarations
 - Zero substantiated human rights violations
 - Improved employee satisfaction and morale
 - 21 long service employees rewarded
- Social**
 - One API Tier 1 Process Safety event and Zero API Tier 2 incidents recorded
 - Zero fatalities and zero loss time incident (LTI)
 - Revenue diversification and reduced dependence on a single customer
 - Improved productivity and stakeholder confidence in refining operations with continued community goodwill
 - Achieved an overall customer satisfaction score of 4.9 out of 5 for FY2025
- Natural**
 - In FY2025, following enhancements to methodology and expanded reporting boundaries, the year marks a new baseline for emissions reporting. As such, results are not directly comparable with prior years. HRC recorded a GHG emission intensity of 34,610 tonnes CO₂e
 - Energy intensity Index of 107.3
 - Boiler efficiency improved by 3.5%, generating 200-250 tonnes of steam per day without needing extra fuel
 - Expansion of Scope 3 emissions to include more types/aspects by adopting the spend based or analysis methods for a more comprehensive and accurate emissions profile

We Produce The Following

Product Yield FY2025



We Supply Refined Products Via



Profile of Directors

BNRC BPRC BWC **Board Committee:**



Wang, YouDe

**Chairman
Non-Independent Non-Executive Director**

Age: 63 Years Old

Gender: Male

Nationality: Chinese



Board Meeting Attendance in 2025: 7/7

Date of Appointment:
22 December 2016

Academic Qualification

- Master's Degree in Business Management from Nankai University, Tianjin, China

Experience

- Chairman of the Board, Shandong Hengyuan Petrochemical Company Limited (2001-present)
- General Manager, Shandong Hengyuan Petrochemical Company Limited (2001-2023)
- Executive President of the China Chamber of Commerce for the Petroleum Industry (2017-2019)
- Vice President in the China Chamber of Commerce for the Petroleum Industry (2007-2017)

- Deputy Mayor, Linyi County (2001-2013)
- Representative of the 12th National People's Congress of the People's Republic of China (2013-2018)

**Directorship of Other Listed Issuers/
Public Companies**
None

BNRC BWC BAC BPRC **Board Committee:**



Surinderdeep Singh Mohindar Singh

Independent Non-Executive Director

Age: 57 Years Old

Gender: Male

Nationality: Malaysian



Board Meeting Attendance in 2025: 7/7

Date of Appointment:
23 February 2019

Academic Qualification

- Bachelor of Computer Science (Hons) University of Technology, Malaysia
- Master of Business and Administration, Henley Management College, United Kingdom

Professional Membership

- Member of the Institute of Corporate Directors Malaysia (ICDM)

Experience

- Head of Enterprise Business and Solutions in Celcom Axiata Sdn Bhd (2017-2018)
- 24 years with the Shell Group of Companies, including as:
 - General Manager, Strategy and Portfolio, Shell Malaysia Ltd (2014-2016)

- General Manager, Shell Marine Products (2009-2014)
- Managing Director, Shell India Marketing Private Limited (2007-2008)
- Vice President Director, Shell Indonesia (2004-2006)
- Various leadership positions, including Regional Retail Manager, Operations Excellence Manager and Site System Technical Analyst with Pilipinas Shell Petroleum Company and Shell Malaysia Trading Sdn Bhd (1993-2004)

**Directorship of Other Listed Issuers/
Public Companies**
None

Profile of Directors

BAC

BRMC

Board Committee:



Tai Sook Yee

Independent Non-Executive Director

Age: 62 Years Old

Gender: Female

Nationality: Malaysian

Academic Qualification

- Certified Public Accountant, Malaysian Institute of Certified Public Accountants

Professional Memberships

- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Experience

- 36 years of finance, governance and regional business experience across multiple industries
- 30 years of business leadership positions and senior management roles in finance, strategy, investments, in heavy building materials, industrial supply chain, maritime, port & logistics, and oil & gas businesses in:
 - IMC Pan Asia Alliance Group (now known as TPC Group) (2007-2019), as
 - Chief Operating Officer, OCTAVE (2018-2019)
 - Executive Director, AITIA Institute (2016-2020)
 - Group Managing Director, IMC Industrial Group (2012-2016)
 - Head of Chairman's Office, IMC Pan Asia Alliance Group (2009-2012)

- Head of Group Strategies and Investments, IMC Pan Asia Alliance Group (2007-2009)
- CEMEX Malaysia, as Country Director (2003-2007)
- RMC Group Services, as Regional Controller, IMEA (India, Middle East, Asia) (2001-2003)
- Golden Plus Holdings Berhad, as General Manager, Finance & Corporate Services (1992-2001)
- Bumiputra Merchant Bankers Berhad, as Corporate Finance Advisor (1990-1992)
- Served with KPMG Malaysia and KPMG USA (1982-1990)
- Directorships on boards of companies listed in Malaysia and Australia:
 - Hume Cement Industries Berhad (2018-present)
 - Independent Non-Executive Director
 - Chair, Board Audit & Risk Management Committee
 - ATLAS Iron Limited, ASX Listed (2010-2015)
 - Non-Executive Director
 - Chair, Remuneration and Nomination Committee
 - LINQ Capital Limited, ASX Listed, Non-Executive Director (2010-2012)

Directorship of Other Listed Issuers/Public Companies

- Hume Cement Industries Berhad
- Hong Leong Investment Bank Berhad



Board Meeting Attendance in 2025: 6/7

Date of Appointment:
1 November 2022

Board Committee:



Committee Chairman



Committee Member



Board Nominating and Remuneration Committee



Board Projects Review Committee



Board Whistleblowing Committee



Board Risk Management Committee



Board Audit Committee

Profile of Directors

BRMC BPRC BNRC Board Committee:



Li, XiaoXia

Independent Non-Executive Director

Age: 62 Years Old

Gender: Female

Nationality: Chinese



Date of Appointment:
8 December 2023

Academic Qualification

- Master of Economics & Finance, Shandong University, Jinan, Shandong, China
- Bachelor of Economic Management, Shandong University, Jinan, Shandong, China

Experience

- Over 30 years of experience in the banking industry with various leadership roles, including as:
 - General Manager, Credit Management Department, Hengfeng Bank (Headquarters), Jinan, Shandong (2018-2023)

- Credit Expert, Industrial and Commercial Bank of China (ICBC) (2014-2018)
- President, Dezhou Branch, ICBC (2008-2012)
- General Manager, Credit Management Department, Shandong Branch, ICBC (2003-2008)
- Deputy Director, Project Evaluation Department, Shandong Branch, ICBC (2000-2003)

Directorship of Other Listed Issuers/
Public Companies
None

Board Meeting Attendance in 2025: 7/7

BAC BWC BRMC Board Committee:



Peter Ho Kok Wai

Independent Non-Executive Director

Age: 66 Years Old

Gender: Male

Nationality: Malaysian



Date of Appointment:
3 March 2025

Professional Memberships

- Member, Malaysian Institute of Accountants (MIA)
- Fellow, The Institute of Chartered Accountants in England and Wales
- Member, The Malaysian Institute of Certified Public Accountants (MICPA)

Experience

- Over 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services

- 27 years with KPMG, including as:
 - Partner, KPMG (1995, retired end-2014)
 - Head of Branch, KPMG Ipoh (1993)
 - Head of Department, KPMG (1992)
 - Audit Senior, KPMG (1987)
- Chartered Accountant, Everett Pinto & Co (1980-1986)

Directorship of Other Listed Issuers/
Public Companies

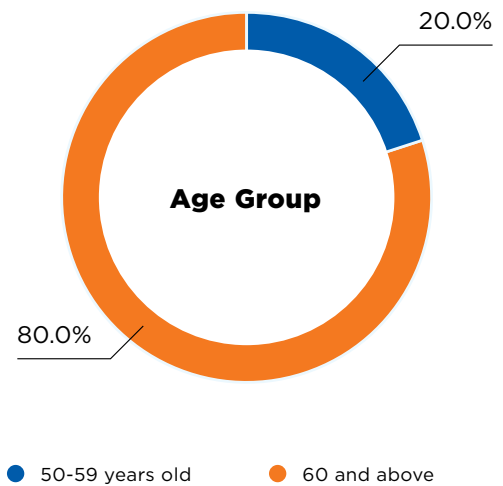
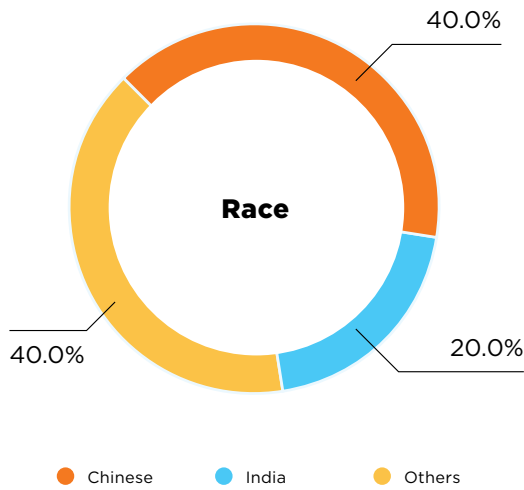
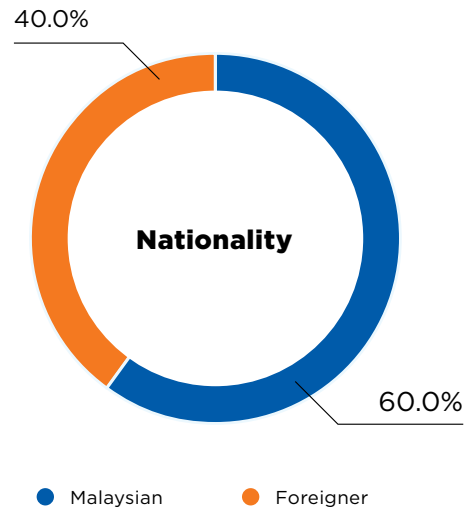
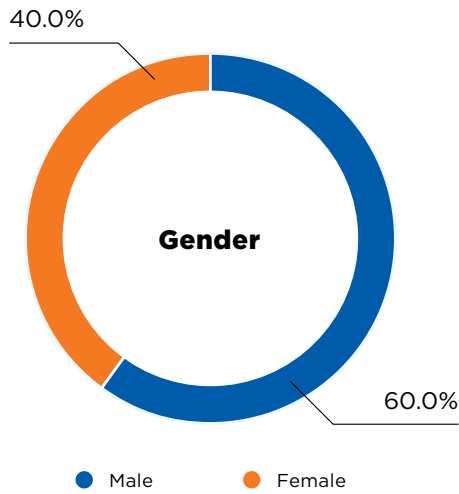
- Hong Leong Capital Berhad
- PMB Technology Berhad
- Allianz Malaysia Berhad
- Allianz Life Insurance Malaysia Berhad
- Malaysian Skin Foundation

Board Meeting Attendance in 2025: 6/6

Profile of Directors

BOARD DIVERSITY (as at 31 December 2025)

As at 31 December 2025, the Diversity of the Board was as follows:



NOTE:

All of the Directors do not have any family relationship with any other Director and/or major shareholder of our Company; and do not hold any shares in the Company. They do not have any conflict of interest or potential conflict of interest with our Company. They have not been convicted of any offences within the past 5 years other than traffic offences, if any.

Profile of Management Team Personnel



Luke Yin Lujiang

Chief Executive Officer

Luke holds a Master's degree in Engineering from School of Material Chemistry of Zhejiang University.

He started as Assistant Engineer in Refinery of Sinopec Qilu Branch in 1993 and held various positions as Engineer, Production Director, Senior Engineer for more than 19 years with the company. The last position held was Deputy Chief Engineer before he joined ChemChina Oil & Gas Corporation as Deputy Director of the Production and Operation Office. He was Assistant to the General Manager in China Sinochem Holding Group Oil & Gas Corporation and also the Chairman of Daqing Zhonglan Petrochemical Co., Ltd before joining HRC.

Luke has a wealth of experience in production and operation, safety and environment protection work, production management, process management, energy-saving technology management, equipment management, planning and statistical management, scheduling management and quality management, logistic, sales, finance and other aspects. The particulars of his shareholding are set out on page 156 of this Annual Report.

Age: 54 Years Old
Gender: Male
Nationality: Chinese



Appointed with effect from 9 October 2023



Yeo Bee Hwan

Chief Financial Officer

Yeo is an Associate Chartered Management Accountants (ACMA) of Chartered Institute of Management Accountants (CIMA), United Kingdom and a member of the Malaysian Institute of Accountants. She is also a Chartered Global Management Accountant powered by the American Institute of Chartered Public Accountants (AICPA), and CIMA, UK.

She started her career as an external auditor before joining Hume Industries Division under Hong Leong Group in 1994. She then joined Tuan Sing Holding Limited Group in 2000 and since then, she has held senior positions with various corporations including Wah Seong Corporation Berhad Group; Bumi Armada Berhad Group, and Oriental Sheet Piling Group (JV with Steel Division under Arcelor Mittal Group). She was the Chief Financial Officer (CFO) in Hiap Teck Venture Berhad Group from 2016 until December 2021 and Pecca Group Berhad from January 2022 till July 2024, prior to joining Hengyuan Refinery Company Berhad (HRC).

Yeo has over 30 years of extensive experience in finance and reporting, compliance and corporate governance, costing and strategic pricing, treasury and funding management, corporate exercises, legal matters, internal control and related policies, financial management, risk management, audit and tax planning. Her career spans across diverse industries, including media, semiconductor manufacturing, oil and gas engineering, steel industry and the automotive sector, where she has worked with conglomerates, multinational corporations, and public listed companies.

Age: 58 Years Old
Gender: Female
Nationality: Malaysian



Appointed with effect from 1 August 2024

NOTE:

None of the Management Team members hold directorship in any public companies and public listed companies in Malaysia; or have any family relationship with any Director and/or major shareholder of our Company. They do not have any conflict of interest or potential conflict of interest with our Company. They have not been convicted of any offences within the past 5 years other than traffic offences, if any.

Profile of Management Team Personnel

Teng Yuan Lin

Chief Operations Officer

Teng Yuan Lin has more than 28 years of experience in oil & gas industry. His career began in 1996 at Shandong Hengyuan Petrochemical Company Limited (SHPCL). Since then, Teng has held significant roles in various departments at SHPCL, including Processing, Scheduling, and Engineering & Projects. His involvement in numerous major turnarounds and upgrading projects has equipped him with a deep understanding of processing, production management, and project management.

In 2021, Teng joined Hengyuan Refining Company Berhad where he served as a Maintenance Manager. He was subsequently promoted to the Acting Chief Operations Officer in 2024.

He earned a Bachelor's Degree in Computer Application from Northwestern Polytechnical University in China.

Age: 53 Years Old
Gender: Male
Nationality: Chinese



Appointed with effect from 1 September 2024

Zulhazmi bin Mohamad

Chief Government Relations Officer

Zulhazmi, a distinguished professional, holds a Bachelor of Electrical Engineering (Hons) from the University of Southampton, UK. His remarkable journey with the Company began in 1989 when he was selected as one of the Shell scholars to pursue A-Levels and subsequently a Degree in the UK, completing his academic endeavours in 1994. Over the course of 25 years, Zulhazmi has demonstrated exceptional dedication and expertise as he seamlessly navigated through a spectrum of roles, including major projects, large-scale turnarounds, diverse engineering disciplines, and vital maintenance undertakings.

Throughout his tenure, Zulhazmi has played pivotal roles in both global and regional projects and turnarounds as well as maintenance, contributing significantly to the Company's success. Noteworthy among his achievements is his involvement in the comprehensive life cycle of the state-of-the-art Long Residue Catalytic Converter Unit (LRCCU) project and the HIJAU complex for HRC in Port Dickson, spanning detailed design, construction, commissioning, and successful start-up.

In recognition of his exceptional capabilities, Zulhazmi assumed the role of Senior Engineering Manager and became an integral part of the site senior leadership team in 2011, showcasing his leadership and strategic acumen. His journey continued to ascend as he was appointed Chief Projects Officer in 2018, where he continued to demonstrate his prowess in steering projects and turnarounds.

In 2019, Zulhazmi took on the pivotal role of Chief Government Relations Officer, evidence of his versatile skill set. In this capacity, he provides invaluable support to the Company by mediating business and operational issues. His expertise comes to the forefront as he offers advice and identifies interventions and strategies to address critical situations or disputes involving government, regulation, and legislation.

Zulhazmi's multifaceted career trajectory exemplifies not only his technical proficiency but also his adeptness in strategic leadership and effective collaboration, making him an invaluable asset to the Company's growth and success.

Age: 55 Years Old
Gender: Male
Nationality: Malaysian



Appointed with effect from 1 August 2020

NOTE:

None of the Management Team members hold directorship in any public companies and public listed companies in Malaysia; or have any family relationship with any Director and/or major shareholder of our Company. They do not have any conflict of interest or potential conflict of interest with our Company. They have not been convicted of any offences within the past 5 years other than traffic offences, if any.

Profile of Management Team Personnel



Guo Yanfei (Gary)

Chief Commercial Officer

Gary holds a PhD and Master's degree in Computer Application Technology from the University of Beijing Science and Technology. He began his career in 2008 as a researcher at the Nokia Siemens Communication Technology Institute, before taking on the role of Chief Information Officer at Shandong Huaxing Petrochemical Group, where he led organisational restructuring and the implementation of ERP/MES systems.

He held several senior leadership positions at ChemChina Petrochemical Co., Ltd., including Chief Commercial Officer & Director of Commerce, Assistant General Manager & Chairman (Sales Subsidiary), Deputy Director of Commerce, and Chief E-Commerce Officer & Deputy Director of Management & Information. Gary played a key role in driving nationwide sales reforms, integrating marketing systems, and launching China's first B2B e-commerce platform for chemical products, which recorded over 80 billion RMB in annual transactions. With more than 14 years of experience, he has been instrumental in advancing digital transformation, sales innovation, and operational excellence within the petrochemical industry.

Age: 46 Years Old
Gender: Male
Nationality: Chinese



Appointed with effect from 4 June 2025



Austin Zhou Qiang

Senior Vice President, Engineering

Austin holds a Chemical Equipment & Machinery Junior College Diploma from Changzhou University. Austin has over 28 years of working experience in engineering and construction of petrochemical and chemical industry. He started his career as a Mechanical Engineer in LDPE plant of Qilu Petrochemical Company, Sinopec in 1995. In 2003 he joined CNOOC & Shell as a Mechanical Engineer for 2 years before starting work from June 2005 with VCM/PVC plant of Tosoh and Hanwha for 6 years as Project/Maintenance Manager. From 2011, he worked with fine chemical industry as the Engineering Manager in charge of the project, maintenance and utility operation in IFF, Symrize and Victrex.

Austin has an extensive work experience where he has been involved in taking up key roles in project management, construction management, commissioning and leading the start-up including the maintenance of systems establishment.

Age: 55 Years Old
Gender: Male
Nationality: Chinese



Appointed with effect from 1 April 2022

NOTE:

None of the Management Team members hold directorship in any public companies and public listed companies in Malaysia; or have any family relationship with any Director and/or major shareholder of our Company. They do not have any conflict of interest or potential conflict of interest with our Company. They have not been convicted of any offences within the past 5 years other than traffic offences, if any.

Profile of Management Team Personnel

Chang Chuak Shin

Senior Vice President, Quality and HSSE

Chang Chuak Shin holds a bachelor's degree in Mechanical Engineering (Hons) from Universiti Tenaga Nasional, Malaysia. He holds professional membership with the Board of Engineers Malaysia and a Certified Maintenance and Reliability Practitioner (CMRP).

Chang has contributed over 15 years of dedicated service to the company. He embarked on his professional journey with the organisation (formerly known as Shell Refining Company FOM Berhad) through the company's graduate programme in 2009. Initially serving as a Rotating Equipment Engineer, Chang's career trajectory evolved as he assumed the role of Maintenance Excellence Advisor in 2016. Subsequently, he double hatted in 2018 as the Major Turnaround Coordinator, seconded to the Major Projects Team. In 2019, Chang was appointed as the Maintenance Manager, showcasing his leadership and expertise in various capacities.

Throughout his tenure at HRC, Chang has been at the forefront of initiatives aimed at enhancing refinery operations. His contributions include effective plant troubleshooting, implementing optimisation strategies, and ensuring flawless execution. Notably, under his leadership, his team achieved a commendable zero safety recordable cases record, emphasising his commitment to safety and excellence in the industry.

Age: 41 Years Old

Gender: Male

Nationality: Malaysian



Appointed with effect from 12 August 2021

Vikas Rishi

Senior Vice President, Technology

Vikas holds a bachelor's degree Chemical Engineering from Thapar University, India. He has a total of 19 years of diverse experience in oil and gas refining and previously worked with two renowned Major oil & gas refining companies in India i.e Reliance Petroleum limited and Hindustan Petroleum-Mittal Energy Limited in Technology Department. In 2018, he took over the role of Technology Section Head-PU1, Oil Movement and HDS-2 until March 2022 at HRC. Later was promoted to Senior Technology Manager.

In the accumulated years of downstream business, Vikas has worked in Technology/ Technical Service & Plant Operations and got experience in various Refining Technologies i.e Crude Distillation, Thermal Cracking (Delayed Coking), Catalytic Reforming, Hydro-treating and Merox Technologies, Catalytic cracking etc.

Age: 44 Years Old

Gender: Male

Nationality: Indian



Appointed with effect from 1 April 2022

Xiang Rui Tao

Vice President, Contracts & Procurement

Xiang Rui Tao holds a Bachelor Degree from University of Guangxi Normal University and is a certified holder of the Certification Scheme for Personnel 3.1 (CSWIP 3.1).

Xiang's career started in Saudi Arabia where he was attached to major projects of constructing new petroleum oil refineries and petrochemical plants. His responsibilities evolved around overseeing and managing the projects at multiple levels. After his stint in Saudi Arabia, he returned to China to join Shandong Hengyuan Petrochemical Group company. In year 2018, he was assigned to HRC Port Dickson, Malaysia where he worked as a Project Interface Advisor & CEO Interface Officer and later as the Lead Governance, Contract Management (Administrator) before he assumed the current role as Vice President, Contracts & Procurement.

Age: 36 Years Old

Gender: Male

Nationality: Chinese



Appointed with effect from 1 November 2021

NOTE:

None of the Management Team members hold directorship in any public companies and public listed companies in Malaysia; or have any family relationship with any Director and/or major shareholder of our Company. They do not have any conflict of interest or potential conflict of interest with our Company. They have not been convicted of any offences within the past 5 years other than traffic offences, if any.

Corporate Governance Overview Statement

“ Hengyuan Refining Company Berhad (Company or HRC) is committed to upholding honesty, integrity, and fairness in all aspects of its business and operations and ensuring that good corporate governance is practised as part of building a sustainable and long-term business. ”

The Company continues to be recognised in the Minority Shareholders Watch Group (MSWG) Corporate Governance Awards 2021 as one of the top 100 companies for corporate governance disclosure. In December 2023, HRC continued to receive the maximum four (4) stars in Environmental, Social and Governance (ESG) ratings, ranking the Company amongst the top 25% public companies listed in the FTSE Bursa Malaysia Emas Index which were assessed by FTSE Russell. Additionally, HRC was also awarded The Edge Malaysia ESG Award for Most Consistent Performance Over 5 Years (Gold) in 2023, which remarked the Company’s commitment to ESG principles and sustainability, as well as its consistent performance over 5 years. These achievements were accorded to the Company based on public information and disclosures in the financial year ended 2023. HRC shall continue its efforts in practising and promoting good corporate governance as part of the fundamental principles of the Company.

The Board of Directors (Board) is pleased to provide an overview of the Company’s corporate governance practices during the financial year ended 31 December 2025 (FY2025), including key focus areas and future priorities, in accordance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and the Malaysian Code on Corporate Governance (MCCG). This statement is to be read together with the Company’s Corporate Governance Report 2025, providing details on the application of the Practices set out in the MCCG during FY2025 and explanations for any departures from the recommended Practices. These are published on the Company’s website at www.hrc.com.my.

**PRINCIPLE
A**

BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The primary role of the Board is to represent, promote and protect the interests of the Company, including its shareholders and stakeholders. To effectively discharge the Board’s functions and responsibilities, certain powers are delegated to the Management and the following Board Committees:

- i. Board Audit Committee (BAC);
- ii. Board Nominating and Remuneration Committee (BNRC);
- iii. Board Risk Management Committee (BRMC);
- iv. Board Projects Review Committee (BPRC); and
- v. Board Whistleblowing Committee (BWC).

Amongst others, the Board assumes the following responsibilities:

No	Principal Responsibilities	Explanation and updates for FY2025
i.	Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour	The Company has a full set of governance controls, policies and procedures, including HRC’s General Business Principles, Code of Conduct, Anti-Bribery & Corruption Policy, Whistleblowing Policy, Conflict of Interest Policy, Directors’ Fit & Proper Policy, a control framework and approval checks at various levels to instill good corporate governance practices within the Company.

Corporate Governance Overview Statement

No	Principal Responsibilities	Explanation and updates for FY2025
ii.	Reviewing and adopting a strategic plan for the Company	<p>On 28 November 2025, the Board reviewed and approved the 2026 Business Plan and Budget comprising of (i) FY2026 Business Strategy (iii) Financial, Headcount and 2026 scorecard presented by the Management, setting out the Company's strategy to achieve both short-term and long-term value creation.</p> <p>Operational Excellence Framework was implemented in tandem with building capabilities, leadership support and programme stewardship. The areas of focus included People, Personal and Process Safety, Asset Reliability, Major Projects and Environmental, Social and Governance (ESG). The Company's Purpose, Vision, Mission and Values shall remain the same.</p>
iii.	Overseeing the conduct of the Company's business	<p>The Board oversees the Company's business and assesses the performance of the Management to determine whether the business is properly managed in accordance with the Company's objectives. This includes the Company's financial management and performance, operational excellence, control and accountability systems, corporate governance, risk management practices, compliance with laws and regulations (including HSSE compliance) and human capital management.</p> <p>With the assistance of the various Board Committees, the Board reviews, challenges and deliberates on proposals tabled by the Management and discusses the Company's performance during Board and Board Committees meetings. These meetings are held in accordance with the frequency specified in the Board Charter and the Terms of Reference (TOR) of the respective Board Committees, with additional meetings to be convened where necessary.</p> <p>The performance and effectiveness of the Company are assessed and measured in a scorecard based on Key Performance Indicators (KPIs) set for the Management.</p>
iv.	Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures	<p>The Board understands that business decisions involve taking appropriate risks and sets the risk appetite for the Company. To ensure appropriate internal controls and mitigation measures are in place, the BAC and BRMC assist the Board in assessing and anticipating potential risks to the Company and recommend appropriate actions to be taken to mitigate the risks.</p> <p>The BAC monitors the Company's management of financial risk processes, accounting and financial reporting practices and internal controls system of the Company while the BRMC ensures that an effective risk management framework is in place. The Committees also ensure that the Company's internal controls and risk management framework are periodically tested for its effectiveness and integrity.</p>

Corporate Governance Overview Statement

No	Principal Responsibilities	Explanation and updates for FY2025
v.	Succession planning	<p>The BNRC assists the Board to oversee the nomination function to ensure that key members of senior management have the necessary skills and experience, and that orderly succession planning for directors and senior management is in place.</p> <p>The appointments, discipline, and termination of key positions in senior management, such as the Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Financial Controller (in the absence of CFO) and Head of Human Resource (HR) or HR Manager (in the absence of Head of HR), are evaluated by the BNRC before recommendations are made to the Board for approval.</p> <p>The BNRC also reviews the leadership needs of the Company on a regular basis and ensures that an appropriate succession planning framework, management & development talent, and human capital development programme are in place for senior management as well as employees, taking into account the skills required and the challenges and opportunities faced by the Company. The succession plans are discussed in the quarterly BNRC meetings.</p> <p>The BNRC recommends nominations to the Board and Board Committees, based on objective criteria, merit and with due regard to diversity of gender, nationality, age, culture, socio-economic background, skills, experience, fit and proper criteria and their independence. The Committee also reviews the annual assessment of the effectiveness of the Board, the Board Committees and individual directors, and evaluates the Board's composition to ensure that the composition of the Board and Board Committees are able to discharge their duties effectively.</p>
vi.	Overseeing the development and implementation of a stakeholder communications policy for the Company	<p>The Company keeps its stakeholders updated through communications published on the Company's website and announcements made to Bursa Malaysia, including general announcements and the Company's quarterly financial reports, annual report, sustainability report and circulars to shareholders, as well as virtual townhall meetings and employee information circulars, whenever required. Apart from that, the Company continues to engage in active communications with the communities near the Company's site in Port Dickson to foster close relationships and keep its neighbours informed on matters that may affect them.</p>
vii.	Reviewing the adequacy and the integrity of the management information and internal control systems of the Company	<p>The management information and internal control systems of the Company are governed by the control framework approved by the Board. The framework includes management processes on risk management, controls and assurances to support the Company's business objectives to achieve excellence in three (3) areas, such as (i) the effectiveness and efficiency of operations; (ii) the reliability of internal and external reporting; and (iii) compliance with laws and regulations.</p> <p>The Board reviews the integrity of the Company's financial and non-financial reporting with the assistance of the BAC and the BRMC to ensure that there is a sound framework of reporting internal controls and regulatory compliance.</p> <p>The Board is also supported by the Company's internal audit and risk and integrity functions to ensure that internal controls and risk management are properly managed.</p> <p> <i>Further details of the risk management and internal control framework are provided in the Company's Statement on Risk Management and Internal Control, which is available on page 82 of this Annual Report.</i></p>

The primary roles and responsibilities of the Board and Board Committees are contained in the Board Charter and the TOR of the respective Board Committees. They are published on the Company's website at www.hrc.com.my.

Corporate Governance Overview Statement

Separation of Positions of the Chairman and Chief Executive Officer

The positions of Chairman and CEO in the Company are held by different individuals and there is clear separation of duties and responsibilities between them.

Mr Wang, YouDe continues to hold the position of Chairman of the Board. The Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board.

Mr Yin, LuJiang is the CEO of the Company, the principal executive officer primarily responsible for the operations of the Company and accountable to the Board for the authority delegated to him. He is not, and has never been, a Board member of the Company.

Company Secretary

The Company is supported by two (2) professionally qualified and competent Company Secretaries who provide, amongst others, advisory services to the Board on their roles and responsibilities, corporate disclosures, corporate governance issues and compliance with relevant policies and procedures, laws and regulatory requirements and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

Access to Meeting Materials

The notices and agenda of meetings and the relevant board papers are circulated to members of the Board and Board Committees at least five (5) working days prior to the meeting in accordance with the Board Charter and the TOR of the respective Board Committees. This is to ensure that sufficient time is provided to the members to review and evaluate the matters to be deliberated at meetings and request additional information or clarification from Management prior to the meetings for timely decision making.

The Company uses an online collaborative software to facilitate the effective distribution of board meeting materials and allow Board members to easily access, review and comment on the Board papers securely. Board and Board Committee members will raise meeting-related questions and action items for follow-up by the Management. This system enhances efficiency and communication, ensuring that relevant matters are addressed promptly and effectively.

The minutes of the meetings were circulated to the Board and respective Board Committees members within thirty (30) working days after the meeting, allowing members and Management to provide comments. Thereafter, the final draft minutes of meeting were distributed to the Board and the respective Board Committees at least five (5) working days before the following meeting together with the Board papers. The chairman of the meeting at which the proceedings were held or the chairman of the next succeeding meeting will approve the finalised minutes of meeting.

Board Charter

The Board reviews and evaluates the adequacy of its Board Charter on a regular basis to ensure that there is clarity in the roles and responsibilities of the Board, its committees, individual directors, the relationship between the Board and Management and issues reserved for the Board.

The Board regularly reviews and updates the Company's Board Charter, with the most recent update on 26 February 2024, to align with the amended MMLR issued by Bursa Malaysia.



The Board Charter is published on the Company's website at www.hrc.com.my.

Code of Conduct

The Company continues to enforce strict compliance to its Code of Conduct, which provides information and guidelines for the Company to achieve its business principles and core values in the conduct of its businesses and operations. The Code of Conduct addresses areas which include, but is not limited to, unacceptable behaviour, conflict of interests, health, safety, security, environment and social performance, breach of laws and regulations, insider dealing, use of information technology and electronic communications, data privacy, intellectual property, information and records management, gift & hospitality procedure, disclosures and business communication.

The Code of Conduct is supplemented by the Company's Gift & Hospitality Procedure, which sets out the procedures for accepting, receiving and declaring gifts from the Company's business partners.

Corporate Governance Overview Statement

The Company's Anti-Bribery & Corruption & Anti-Money Laundering Manual (ABC & AML Manual) further solidifies the Company's proactive measures in ensuring that its employees and business partners comply with laws and regulations that prohibit bribery, corruption and money laundering.



The Code of Conduct and ABC & AML Manual are accessible on the Company's website at www.hrc.com.my.

Whistleblowing

The Company has a Whistleblowing Policy to encourage and facilitate the disclosure of genuine and legitimate improper conduct raised by employees of HRC, employees of HRC's contractors, vendors, customers and members of the public at the earliest opportunity.

In addition, the BWC was established by the Board to carry out the following objectives:

- i. Review, investigate and resolve complaints of improper conduct of any member of the Board or any employee of the Company that is submitted to the BWC through the Company's whistleblowing channel;
- ii. Develop the Company's Whistleblowing Policy and procedures and to implement them together with the Management of the Company; and
- iii. Periodically assess the adequacy and effectiveness of the Company's Whistleblowing Policy and procedures and to revise them as necessary.

The Board regularly reviews and updates the Company's Whistleblowing Policy.



The Whistleblowing Policy and TOR of the BWC are published on the Company's website at www.hrc.com.my.

Addressing Sustainability Risks and Opportunities

Amongst the roles of the Board is to ensure that the Company adopts a strategic plan that supports both short-term and long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability.

The Board sits on top of the Company's sustainability governance structure and holds overall responsibility and oversight on all sustainability matters of the Company. The Management, led by the CEO, develops and recommends the strategy to ensure viability and long-term economic, environmental and social sustainability of

the business to the Board, and provides leadership and oversees implementation of the sustainability strategy. The Management evaluates overall risks and opportunities of the Company in weekly and monthly management meetings based on reports received from the steering committees and the respective departments of the Company.

The Sustainability Working Group comprises of representatives from each department, such as Financial & Management Accounting, Government Relations, Contracts & Procurement, Commercial, Economics & Scheduling, Operations, Corporate Affairs, Engineering, Quality, Health, Safety, Security & Environment (QHSSE) and Technology to improve sustainability performance and monitor sustainability management and performance.

Risks arising from sustainability issues, such as emissions and waste management, QHSSE, product quality, fraud, bribery, and breach of code of conduct, succession planning and talent retention, and their mitigative actions, are identified and tracked in a risk register, which will be updated to the BRMC and the Board quarterly.

Opportunities for sustainability improvement to enhance the Company's environmental and social responsibility, employee health improvement programmes and energy optimisation, are captured in opportunities register. Both risk and opportunities registers are monitored by the Risk & Integrity Department, tracked quarterly and presented to the BRMC at its meetings.

The performance evaluation of the Board and Senior Management takes into consideration the Company's scorecard and results, including material sustainability risks and opportunities in the areas of HSE and compliance, operational excellence, financial performance and stakeholder value.

In the Board Evaluation Assessment for the financial year 2025 (BEA FY2025), the Board was satisfied that the Company had carried out its duties satisfactorily in regard of addressing material sustainability risks and opportunities. The Board agreed that sustainability factors have been taken into consideration when exercising their duties, including the development and implementation of strategies, business plans, major plans of action and risk management of the Company. The Board also agreed that the sustainability matters for the year are adequately reported in the Board materials and discussed at Board or Board Committee meetings.

Corporate Governance Overview Statement

The Board was of the view that ESG-related training is needed for the Board and Senior Management as it is a relatively new emerging industrial agenda to the Company. The Board recognised the need for long-term plans and strategies for refinery industry in light of ESG requirements. The Company had therefore implemented a Sustainability and ESG Framework.

The Company's sustainability governance, targets, performance and initiatives are set out in the annual Sustainability Report and is publicly available to all internal and external stakeholders on the Company's website at www.hrc.com.my.

II. Board Composition

The Board consists of five (5) directors, comprising one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors (INEDs).

HRC's Board composition, consists of 80% INEDs, complies with the MMLR and adopts the Practice of the MCCG, wherein the INEDs constitute more than half of the Board, and surpassing the minimum requirement of 1/3 independent directors.

To uphold corporate governance standards, Paragraph 3.1 of the Company's Board Charter stipulates that at any given time, the majority of Board members shall be INEDs to ensure a balance of power and authority within the Board.

None of the Company's Independent Non-Executive Directors have served beyond nine (9) years on the Board. Paragraph 3.5 of the Company's Board Charter specifies that the tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years.

The BNRC had on 24 February 2026, reviewed the results of the annual BEA FY2025 to assess the current Board composition and to determine the effectiveness of the Board, Board Committees, and each individual Director. The results of BEA FY2025 indicate that the BNRC and the Board are satisfied that the current composition of the Board provides an appropriate size, diversity, mix of skills and qualifications, knowledge and experience to discharge their duties effectively.

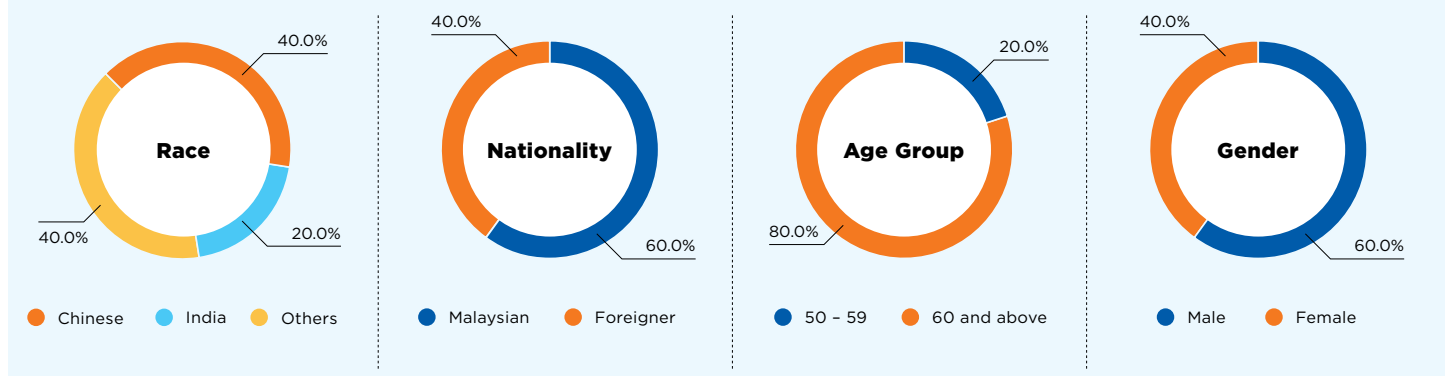
On 27 March 2025, the Board approved the 66th AGM notice containing the agendas of the re-election of directors, namely Madam Tai Sook Yee and Mr Peter Ho Kok Wai. The statement of BNRC to support the re-election of the directors together with its justification were clearly stated in the explanatory notes of the resolutions in the Notice of 66th AGM dated 25 April 2025, which was issued to shareholders on 24 April 2025.

Board and Senior Management Diversity

The Board recognises the importance of having a diverse Board and Senior Management with a mix of relevant skills, expertise and experience to provide diverse perspectives and insights for decision making in the best interests of the Company. The BNRC assists the Board with screening and selection of candidates for the Board and key members of the Company's management team in accordance with the Board Diversity Policy and the Committee's TOR.

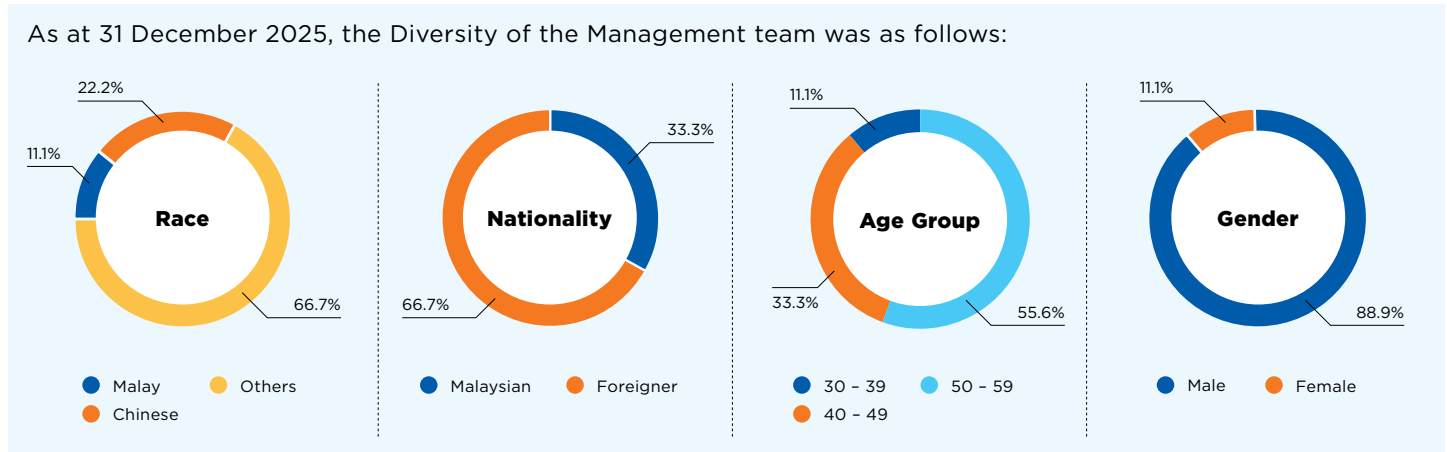
Factors considered by the BNRC include the candidate's skills, knowledge, expertise and experience, time commitment, character, professionalism and integrity, ability to work cohesively with other members, specialist knowledge or technical skills in line with the Company's strategies, age, gender, culture, nationality, socio-economic background, number of directorships in other companies, and the requirements of the Company.

As at 31 December 2025, the Diversity of the Board was as follows:



Corporate Governance Overview Statement

As at 31 December 2025, the Diversity of the Management team was as follows:



The Board Diversity Policy sets out the Company’s approach for the consideration of diversity in areas such as skills and expertise, background, age, and gender in its appointment of candidates to the Board. While the policy supports women’s participation in decision making positions and the recommendations of the MCCG to have at least 30% women directors on the Board, to ensure that the interests of the Company and its stakeholders are protected, the standard selection criteria for directors, which is set out above, remains a priority for the assessment of Board candidates. The gender diversity target will be considered collectively with all other factors.

While the Board recognised the added value of participation of women in positions of senior management, the Board considers a wide range of criteria that go beyond gender diversity. The Board’s approach is grounded in its Code of Conduct, which emphasises fairness and equality in all hiring practices. This includes actively preventing discrimination based on race, color, religion, age, gender, sexual orientation, gender identity, marital status, disability, ethnic origin, or nationality. The Board believes in fostering a diverse and inclusive workplace where every individual is valued and has the opportunity to thrive, ensuring that all employment decisions are based on qualifications, skills, and merit, free from bias or prejudice.



The Whistleblowing Policy and TOR of the BWC are published on the Company’s website at www.hrc.com.my.

Board Nominating and Remuneration Committee

The BNRC is responsible for assisting the Board on nomination and remuneration functions with respect to Board members and selected senior management positions of the Company. The Committee recommends the nominations of candidates to the Board and Board Committees, and evaluates and recommends to the Board the employment, promotion, discipline, resignation and termination of the CEO, CFO or Financial Controller (in the absence of CFO) and Head of HR or HR Manager (in the absence of Head of HR). The Committee also ensures that a remuneration policy for expatriate employees of the Company is in place.

The Chair of the BNRC is Mr Surinderdeep Singh a/l Mohindar Singh, an Independent Non-Executive Director of the Company. The other members of the BNRC are Mr Wang, YouDe, a Non-Independent Non-Executive Director, and Ms Li, XiaoXia, an Independent Non-Executive Director.

Nomination Activities of the BNRC

Assessment of Board Composition

Pursuant to its TOR, BNRC evaluates, reviews and recommends to the Board the appropriate size and composition of the Board, required mix of skills, experience and other qualities, to be in line with the Company’s requirements, on an annual basis.

Corporate Governance Overview Statement

The BNRC had, on 26 August 2021, considered the composition of the Committee and resolved that it was important for Wang, YouDe, who is the Chairman of the Company to be part of the BNRC. The Chairman's extensive experience in the oil and gas industry makes him a valuable member of BNRC, in evaluating and recommending the right talent to the Board. His in-depth knowledge of the sector's needs and trends allows him to effectively assess the skills and expertise required to drive the Company's success. With his broad industry network and understanding of both technical and operational demands, he is well-positioned to help assess the individuals who will contribute to the company's growth and strategic objectives. The Committee also noted that the Chairman holds a non-executive position and that the BNRC comprises two (2) other members, who are Independent Non-Executive Directors, to provide a check and balance to the objectivity of its decisions.

Based on the results of the BEA FY2025, the BNRC is satisfied with the current composition of the Board, providing an appropriate size, diversity, mix of skills and qualifications, knowledge and experience to discharge their duties effectively.

Appointments of Board and Senior Management

The BNRC is responsible for developing a formal and transparent process to identify and nominate suitable candidates for appointment and election to the Board. It considers and recommends candidates in line with the Directors' Fit and Proper Policy and the Board Diversity Policy, taking into account their skills, knowledge, expertise, experience, time commitment, character, professionalism, integrity, ability to work cohesively with other members, specialist knowledge aligned with the company's strategies, diversity in age, gender and background, and the number of directorships they hold outside the company.

In carrying out its nomination functions, the TOR of the BNRC provides that the Committee may solicit and consider the views of existing Board members, management, major shareholders, independent search firms and a variety of other independent sources. The appropriate disclosures will be made in the Company's annual report if independent sources were not used for the selection.

For Independent Directors, the BNRC evaluates both their independence in accordance with the MMLR and their ability to discharge responsibilities expected of them. It ensures that the Board comprises a majority of Independent Directors and conducts annual assessments to confirm their continued independence.

The BNRC also oversees the appointment of senior management positions such as the CEO, CFO or FC, and the Head of HR or HR Manager, ensuring that these appointments are based on objective criteria, merit, and with due regard for diversity in skills, experience, age, cultural background, and gender.

Re-election of Directors

The BNRC ensures that every director is subject to retirement at least once every three (3) years in accordance with Paragraph 7.26 of the MMLR and the Company's Constitution. The Committee also recommends to the Board the directors to be re-elected by shareholders at the Company's AGM.

The BNRC reviewed the Directors' Rotation checklist, considered the tenure of directors, namely Mr Wang, YouDe and Mr Surinderdeep Singh a/l Mohindar Singh, who are seeking re-election at the Company's 67th AGM scheduled to be held on 29 May 2026, and recommended their re-appointments to the Board, based on the following justifications:

- Based on the results of the BEA FY2025, Mr Wang YouDe has relevant mix of experience, skill, knowledge, expertise and core competency that is beneficial to the Company, including industry specific knowledge and oil and gas business strategy, project management, engineering, contracting and procurement, human resource and development, internal control and risk management;
- He aims to ensure that the Board's workload is appropriately managed and, where suitable, allocated to established Board Committees with specific terms of reference approved by the Board; and
- As the Board Chairman, he demonstrates and command effective leadership of the Board, oversees effective decision-making process and ensure crucial alternatives are considered.

Corporate Governance Overview Statement

- Mr Surinderdeep Singh A/L Mohindar Singh, the Independent Non-Executive Director, has a relevant mix of experience, skill, knowledge, expertise and core competency that is beneficial to the Company, including human resource and development, accounting and finance, internal controls, corporate governance and information technology;
 - He has a good understanding of the duties, obligations and responsibilities as a director and provide useful recommendations in assisting the Board for a better decision making; and
 - As the Chair of the BNRC, he leads BNRC's annual evaluation of the Board composition to ensure that it has the appropriate size, balance and composition of the Board, the required mix of skills, experience and other qualities, the independence of the Independent Directors, Board diversity in terms of gender and age, and consideration of the Fit and Proper assessment, and core competencies which the Directors shall bring to the Board to ensure that they are in line with the Company's requirements.
- iii. Roles and responsibilities (including sustainability performance for the Board, strategy planning, human capital management and the Board's and Board Committee's relationship with the Management).

The independent directors of HRC had also completed their self-assessment and declared their independency in compliance with the definition of "independent director" in the MMLR.

The CEO's annual performance evaluation is also subject to the BNRC's review, recommendation and support to the Board. In respect of minus one positions below the CEO, BNRC will review and moderate if necessary and validate the annual performance valuation result for these positions.

Based on the results of the BEA FY2025, the Board's greatest strength is its ability to work cohesively as a team, particularly in navigating a period of significant financial stress and uncertainty. The Board played a key role in overseeing the completion of the rights issue exercise and the financial restructuring initiatives, while maintaining stability in Board composition and committee leadership. The Board also demonstrated strong commitment to identifying key risks, addressing liquidity challenges and supporting Management in implementing necessary corrective measures.

The challenges identified in the BEA FY2025 were presented as follows:

- (a) restoring the Company's profitability;
- (b) managing liquidity constraints and responding to external market volatility, particularly fluctuations in the global crude/oil market;
- (c) financial stress and hedging effectiveness were recurring concerns.

The BNRC was satisfied with the performance of the Board and Board Committees. All Directors and Board Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Board Committees. The results were collated and tabled to the BNRC on 24 February 2026.

Board and Senior Management Assessment

The BNRC is responsible for assisting the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board and each Board Committee, as well as the contribution of each individual director.

The BEA FY2025 was conducted internally via peer and self-reviews, with an expansion of the existing assessment questionnaire to cover review of sustainability performance, a holistic perspective and identify areas for improvement. The BNRC considers the internally facilitated assessment to be sufficient for the Company's needs.

The BEA FY2025 included assessment of the effectiveness of the Board and Board Committees in relation to:

- i. Composition and structure;
- ii. Operations and interactions (including meetings, papers and communication between members); and

Corporate Governance Overview Statement

III. Remuneration

The Company's Directors' Remuneration Policy ensures that the remuneration packages for directors are reflective of the Company's demands, complexities, and performance as a whole, as well as the skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.

The BNRC is guided by the following principles in its endorsement and recommendation of the remuneration to be paid to the individual directors, which is subject to approval by the Board:

- (i) The demand, complexities and performance as a whole of the Company;

- (ii) The level of responsibilities, skills, expertise and experience required;
- (iii) That the remuneration is set at a competitive level for similar roles and responsibilities within current market practices by comparable companies; and
- (iv) That any such remuneration incentives do not conflict with the directors' obligations to bring objectivity and independent judgment to the Company.

The remuneration structure for positions of CEO, CFO or Financial Controller (in the absence of CFO) and Head of HR or HR Manager (in the absence of Head of HR) is overseen by the BNRC in accordance with its TOR.



The Directors' Remuneration Policy and the TOR of the BNRC are available on the Company's website at www.hrc.com.my.

For FY2025, details of the remuneration breakdown of individual directors, including fees, salary, bonus, benefits-in-kind and other emoluments (received or to be received from the Company) are as follows:

Name	(in RM'000)			Total
	Salaries, bonus and salaries related benefits	Directors' fees	Attendance and other remuneration	
Wang, YouDe	-	739	4	743
Surinderdeep Singh	-	276	4	280
Tai Sook Yee	-	186	4	190
Li, XiaoXia	-	257	4	261
Peter Ho Kok Wai	-	172	3	175
Total	-	1,630	19	1,649

* Mr Peter Ho Kok Wai was appointed to the Board on 3 March 2025.

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officer of the Company are RM40,000,000 and RM85,000 respectively. There was no indemnity given to or insurance effected for the auditors of the Company during the financial year.

Corporate Governance Overview Statement

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Board Audit Committee

In FYE 2025, the Chairman of the BAC is Peter Ho Kok Wai, an Independent Non-Executive Director who is not the Chairman of the Board. The BAC comprises solely of three (3) Independent Non-Executive Director with a diverse mix of skills, knowledge, experience and perspectives in the areas of accounting, corporate finance, banking and international finance, oil and gas, strategy, risk management, corporate governance and regulatory compliance, which enables the BAC to discharge its duties efficiently.

The BAC members continuously update themselves of the latest developments in accounting and auditing standards, practices and rules.



The list of training courses attended by the members of the Board, including members of the BAC, can be found on page 158 of this Annual Report.

The BAC assists and supports the Board by monitoring the suitability, objectivity and independence of the Company's external auditor and internal audit functions. The efficiency and effectiveness of the Company's Control Framework and internal control system have been reviewed and endorsed by the BAC based on the assurance provided by the external and internal auditors. Audit issues tabled by the auditors and actions taken by Management to address the issues were deliberated during the BAC meetings.

In line with Practice 9.2 of the MCCG, Paragraph 2.7 of the BAC's TOR clearly stated that a former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc) of the Company shall be subject to a minimum of at least three (3) years cooling-off period before being appointed as a member of the BAC. At present, none of the members of the BAC are the former partner of Messrs KPMG PLT, except for Mr Peter Ho who is a former partner of Messrs KPMG PLT and retired from KPMG in December 2014.

The BAC is responsible for recommending to the Board the appointment or re-appointment of the external auditor and the audit fee after reviewing their suitability, resources, competency and independence, and any resignation or dismissal of the external auditor and the reasons therefor.

The external auditor is evaluated on an annual basis in accordance with the Company's External Auditor Assessment Policy, which considers the external auditor's competence, audit quality, independence and information

contained in the external auditor's annual transparency report. The BAC also obtains written assurance from the external auditor that they have complied with the relevant ethical requirements regarding professional independence.

The Board has adopted the Non-Audit Services Policy which sets out the non-audit services that can be rendered by the external auditor and its affiliates, and the limitation of fees for such non-audit services, which have been endorsed by the BAC.

The BAC is responsible for ensuring that the non-audit services rendered by the external auditors has taken into account the nature and extent of the non-audit services and the appropriateness of the level of fees. In order to prevent situations where the external auditor unintentionally takes on management responsibilities while providing non-audit services, which could be a violation of the external auditors' independence obligations.

The results of BEA FY2025 indicate that the BNRC and the Board are satisfied that the current composition of the BAC. The BAC comprises an appropriate size and diversity, with a mix of skills, qualifications, knowledge and experience to discharge their duties effectively. All directors are financially literate and able to understand matters under the purview of the BAC, including the financial reporting process.



The BAC's report is available on page 89 of this Annual Report.

Corporate Governance Overview Statement

II. Risk Management and Internal Control Framework

The Board strives to uphold a strong and sound internal control and risk management system to ensure smooth operation of the business. It is the Company's aim to manage its risks and to control its business and financial affairs economically, efficiently and effectively, so as to be able to deliver profitable business opportunities in a disciplined manner, to avoid or mitigate risks that could result in loss, harm to reputation or business failure, and to enhance ability to withstand unexpected events.

The BRMC oversees and provides guidance on risk management matters to ensure prudent risk management over the Company's businesses and operations. The Company has adopted a Risk and Opportunity Procedures to provide practical guidance for addressing the risk and opportunities and to carry out risk assessment.

The BRMC also ensures that the Company's internal control and risk management framework are periodically evaluated for quality, integrity and effectiveness, a systematic and comprehensive evaluation of the key risk areas are conducted, and that controls are in place to mitigate and manage these risks. The implementation of risk controls is monitored, and the results are presented to the BRMC during its meetings quarterly.

The Company's risk management is backed up by the implementation of three lines of defense that distinguishes the three groups which are involved in effective management of risk in the Company. The lines of defense are strengthened by the roles of the Risk & Integrity Officer and the Chief Internal Auditor (CIA). The Risk and Integrity Officer's primary functions are to ensure an adequate risk and control framework is in place, address all business integrity matters and promote an ethical culture within the Company.

Internal control and risk-related matters which warrant the attention of the Board are recommended by the respective Board Committees to the Board for its deliberation and approval.



Further details of the risk management and internal control framework are provided in the Company's Statement on Risk Management and Internal Control which is available on page 82 of this Annual Report.

Internal Audit Function

The Company's internal audit function comprises the following:

- (i) An independent internal audit department (IAD), which acts as an independent evaluating body to assist and provide assurance to the Board, the BAC and the Management. The IAD is headed by the CIA who reports functionally to the Chair of the BAC and administratively to the CEO. There is one (1) Internal Auditor who reports to the CIA. The internal auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan; and
- (ii) The Company's site internal assurance team (SIA), which comprises of 30 trained and/or ISO certified site internal auditors from various departments in the Company. The SIA carries out the site work process audit and ISO Management system internal audits in ensuring process effectiveness of HRC and reports to the Senior Vice President of Quality & Health, Safety, Security and Environment.

The CIA will develop a suitable risk based internal audit plan for the following financial year for BAC review and approval before commencement of work. The CIA will present the findings from the IAD to the BAC and the BAC will review the major findings reported by the internal audit and follow up on Senior Management's implementation of the recommended actions.

The internal audit charter of the IAD provides that the IAD will maintain its objectivity and independence, at all times, and will have no direct operational responsibility or authority over any of the activities audited. The CIA is also required to confirm the organisational independence of the IAD to the BAC and the Board annually.



Further details of the IAD can be found in the Company's Corporate Governance Report 2025, which is published at www.hrc.com.my.

Corporate Governance Overview Statement

**PRINCIPLE
C**

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

The Board acknowledges the importance of effective communications to ensure that stakeholders are kept informed of the Company's objectives and strategic aims, performance and major developments affecting its business.

The Company has a Corporate Affairs Department to ensure effective, transparent and regular communication between the Company and its stakeholders via channels including:

- (i) Town hall meetings were held twice a year to ensure effective communication with employees such as to update on the Company business performance, employee relation matters and implementation of revised Company's policies to align with key amendments of the Employment Act 1955.
- (ii) Employee information circulars via electronic mail to all employees.
- (iii) Engagement with local, state and federal government authorities and Regulators to ensure compliance with laws and regulations applicable to the Company especially on financial, tax, governance, environment, health & safety, licensing and permits.
- (iv) Transparent and up-to-date announcements released through Bursa Malaysia to ensure that updates on material announcements such as material information, corporate exercise, financial reports, annual report, sustainability report and circulars to shareholders were released to shareholders and stakeholders.
- (v) The Company's website which contains useful information regarding the Company's background, vision, mission, values and purpose, the Board, management team, investor relations, corporate governance policies and documents, sustainability efforts, announcements, minutes of general meeting and contact details.
- (vi) E-mails and telephone enquiries to the Corporate Affairs Department, whose contact details are published clearly on the Company's website at www.hrc.com.my.

Through the various engagement channels with stakeholders, the Company can gather feedback to identify and prioritise what is the important areas that impact or have potential impact to the Company's business operation.

In addition, Stakeholders can report improper conduct via e-mail or in writing to the Whistleblowing Committee in any language, in accordance with the Whistleblowing Policy, which is accessible on the Company's website.

To reduce paper wastage and to leverage on the efficacy of electronic communication methods, the Company e-mailed notification card to shareholders containing a link and QR code to download its 66th AGM notice, proxy form, FY2024 Annual Report and circular to shareholders, as allowed by its Constitution. Hard copies of the notification card were sent to shareholders who had invalid or rejected email addresses.

Hard copies of the FY2024 Annual Report and circular to shareholders were posted to shareholders who requested for them within four (4) market days.

 *Further details on stakeholder engagement and the Company's corporate social responsibility initiatives are set out in the 2024 Sustainability Report, which is accessible on the Company's website at www.hrc.com.my.*

Corporate Governance Overview Statement

II. Integrated Reporting

The Board and the Management recognise the importance of accountability and transparency in annual reports and have adopted integrated reporting for Annual Report 2025. The Integrated Reporting provides a holistic view of the Company's value creation over time by integrating financial and non-financial information.

Guided by the principles of Integrated Reporting, the Company connects key elements of governance, strategy, risks, and performance, this approach helps stakeholders to understand the Company's value creation in short, medium, and long term. The adoption underscores the Company's dedication to aligning with global best practices and strengthening stakeholder engagement.

III. Conduct of General Meetings

The Company regards general meetings as important platforms for dialogue amongst directors, the Management and shareholders, and aims to encourage active participation by the shareholders during such meetings.

The Company ensures that the notice of AGM is circulated at least twenty-eight (28) days before the meeting. The Board Charter and the Constitution of the Company provides that shareholders should be given all necessary information and notice of AGM of the Company at least twenty-one (21) days before the meeting.

The Notice of 66th AGM, together with the 2024 Annual Report and circular to shareholders, was issued on 24 April 2025 and 25 April 2025 respectively, which was at least twenty-eight (28) days before the meeting held on 28 May 2025 to ensure that sufficient notice and time were provided to the shareholders to consider resolutions that will be discussed and decided during the AGM.

The Notice of 66th AGM was circulated together with the Statement Accompanying Notice of AGM as required under to Paragraph 8.27(2) of the Listing Requirements as well as the explanatory notes to the proposed resolutions along with any background information and reports or recommendations that are relevant to enable the shareholders to consider the resolutions to be tabled at the AGM in order to make informed decision when exercising voting rights.

All directors and Chairs of the respective Board Committees, the company secretary, external auditor, as well as senior management members, such as the CEO and CFO had attended the Company's 66th AGM held on 28 May 2025.

Shareholders were invited to raise questions in the 66th AGM, with the Directors and Senior Management responded to questions and key matters raised by the shareholders in relation to the performance of the Company. The responses to questions that were not able to be answered due to time constraints were compiled and e-mailed to shareholders after the meeting.

The minutes of the 66th AGM, the key matters discussed were published on the Company's website at www.hrc.com.my, within 30 business days from the date of the Company's 66th AGM.

The Company's Corporate Governance Report and Corporate Governance Overview Statement was approved by the Board on 27 March 2026.

Statement on Risk Management and Internal Control

“ **The Board of Directors (Board) of Hengyuan Refining Company Berhad (Company or HRC) is committed to maintaining a sound internal control and risk management system to ensure the smooth running of the business. It is HRC’s aim to manage its risks and to control its business and financial affairs economically, efficiently and effectively so as to be able to deliver profitable business outcomes in a disciplined way, to avoid or mitigate risks that can cause loss, reputational damage or business failure, and to enhance our resilience to external events.**

The following statement outlines the nature and scope of HRC’s internal control and risk management in 2025. ”

BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility for HRC’s risk management and the internal control system, and for reviewing the system’s adequacy and integrity. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not achieving HRC’s objectives and adhering to the policies. Due to the inherent limitations, the system can only provide reasonable and not absolute assurance against material misstatement, fraud or loss or the occurrence of unforeseeable circumstances.

The Board Audit Committee (BAC) assists and supports the Board’s responsibility of overseeing the suitability, objectivity and independence of the Company’s external auditor and internal audit function. The adequacy of the HRC Control Framework and effectiveness of the internal control system has been reviewed and endorsed by the BAC based on the assurance provided by Management and the internal auditors. Audit issues and actions taken by Management to address the issues tabled by the auditors during the year were deliberated during the BAC meetings.

The Board Risk Management Committee (BRMC) provides oversight and direction on risk management matters including bribery and corruption risk to ensure prudent risk management over HRC’s business and operations. Management has conducted an evaluation of the Key Risk Areas which were deliberated and presented to the BRMC. The implementation of risk controls is monitored, and the results are presented during the quarterly BRMC meetings.

Internal control and risk-related matters which warrant the attention of the Board are recommended by the BAC and BRMC to the Board for its deliberation and approval.

MANAGEMENT’S ROLE

Whilst the Board assumes responsibility for HRC’s internal controls and risk management, the Management holds the key role in the implementation of the internal controls and risk management system. Management is accountable for assessing that the systems continue to operate efficiently and effectively.

RISK MANAGEMENT

The energy landscape continues to be shaped by the geopolitical influence. Macroeconomic variables such as interest rate movements, inflationary pressures and fluctuations in commodity prices, together with evolving market conditions, continue to impact the energy sector.

The Risk and Integrity Department oversees the risk management and ensures that governance frameworks, including compliance with MS ISO 37001:2016 Anti-Bribery Management System and ISO 31000:2020 Risk Management, are effectively embedded within HRC’s operations. The department also provides independent oversight on integrity risks, including fraud risk assessments and due diligence. The main objective of risk management is to promote advance awareness and define boundaries for risk-taking, and to apply fit-for-purpose risk responses in order for HRC to provide reasonable, but not an absolute assurance, against material misstatements, fraud or loss. In addition, it allows HRC to operate and achieve its objectives, within an acceptable risk profile.

Statement on Risk Management and Internal Control

Fit-for-purpose risk responses are primarily intended to:

- Minimise the likelihood of a risk occurring by actively managing the sources of the risk and ensuring competent people are overseeing the risk; and
- Mitigate the impact of a risk should it arise, often through the application of some forms of alert that the risk has materialised, followed by the initiation of a contingency or recovery plan to reduce the potential consequences and also future occurrences.

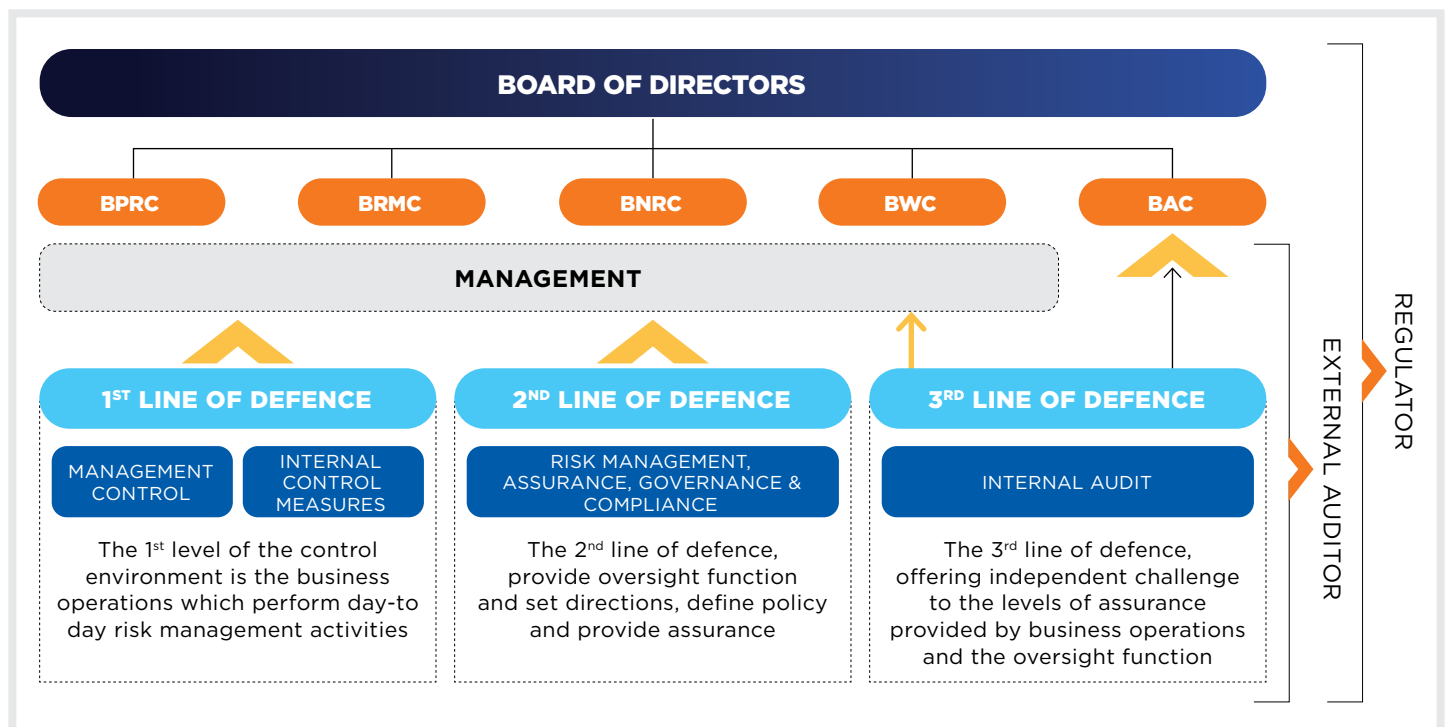
HRC adopts the best practices from MS ISO 31000:2020 Risk Management to manage the risks of its business and operations. HRC has a process for the identification, assessment, treatment, communication, monitoring and continual review of risks and the effectiveness of risk mitigation strategies and controls. This process has been in place for the year under review and up to the date of approval of this statement.

Sustainability, ESG and climate-related risks are integrated into the Company's enterprise risk management framework and monitored alongside operational, financial, integrity and regulatory risks. These include environmental compliance exposures, climate transition and physical risks where relevant, and evolving sustainability and ESG-related regulatory developments. Updates are incorporated into the corporate risk register and reviewed through Management and BRMC oversight.

The Board has defined the Company's risk appetite, which guides risk-taking across operational, financial, compliance and sustainability dimensions. Risk levels are reviewed quarterly against the approved risk appetite by the BRMC.

Key Risk Indicators (KRIs) and control monitoring indicators are used to track changes in risk exposure and the effectiveness of mitigation measures across key risk areas, including operational reliability, financial exposures, environmental compliance and other material risks. Significant deviations are escalated to Management and the BRMC for review with appropriate remedial action recommended.

THREE LINES OF DEFENCE MODEL



Note: The director membership of each Board Committee is shown under the Board of Directors' profile on pages 60 to 62 of this Integrated Annual Report.

Statement on Risk Management and Internal Control

The HRC risk register is segregated into four (4) major components, which are:

- Operational Risk;
- Financial & Commercial Risk;
- Strategic Risk; and
- Legal & Regulatory Risk.

Top 20 corporate risks are deliberated quarterly by the Leadership Team prior to presenting to the BRMC for review and further deliberation. In parallel, the Management undertakes ongoing monitoring of emerging risks, including climate transition, financial liquidity, regulatory changes, operational continuity and ESG-related exposures. These emerging risk considerations are assessed and incorporated into top 20 corporate risks register and presented to the BRMC as part of the quarterly risk review.

KEY INTERNAL CONTROLS

HRC's internal control system comprises the following key processes:

1. AUTHORITY AND RESPONSIBILITY

- a. Certain responsibilities are delegated to the Board Committees through Terms of Reference (TOR) which are reviewed annually.
- b. The Manual of Authorities is reviewed to reflect the authority and authorisation limits of Management in all aspects of HRC's major business operations and regulatory functions.

2. ORGANISATION STRUCTURE AND MANAGEMENT COMMITTEE

- a. An organisational structure, which is aligned to the business and operational requirements, and with lines of responsibility, accountability and levels of authority, is in place to assist in implementing HRC's strategies and day-to-day business activities.
- b. The Management Team supports the Chief Executive Officer (CEO) in accomplishing the vision, strategies and objectives set for HRC.
- c. Various functional committees have also been established across the Company to ensure HRC's activities and operations are properly aligned towards achieving its organisational goals and objectives.

3. PLANNING, MONITORING AND REPORTING

- a. An annual planning and budgetary exercise are undertaken by all departments to prepare business plans and budgets for the forthcoming year. These are deliberated and approved by the Board to ensure alignment with the strategy as agreed at the latest strategy review.
- b. HRC's financial performances are reviewed monthly by Management. The financial results and variances (if any) are presented to the Board on a quarterly basis.
- c. The BAC, supported by Chief Financial Officer (CFO), shall ascertain that:
 - appropriate accounting policies have been adopted and applied consistently, the going concern basis applied in the Annual Financial Statements is appropriate, and that prudent judgements and reasonable estimates have been made in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (MFRS Accounting Standards) and IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards);
 - adequate processes and controls are in place for effective and efficient financial reporting and disclosure in accordance with MFRS Accounting Standards, IFRS Accounting Standards, the requirements of Companies Act 2016 in Malaysia and Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR); and
 - the Annual Financial Statements and the quarterly Financial Statements give a true and fair view of the financial position and financial performance of the Company and do not contain any material misstatement.
- d. Management will update the Board on all aspects of HRC's operations to facilitate the monitoring of performance against HRC's corporate strategy, business plans and regulatory requirements.
- e. The sustainability strategy is developed by Management and reviewed by the Board for its robustness, taking into account the Company's sustainability priorities and related risk considerations.

Statement on Risk Management and Internal Control

4. POLICIES AND PROCEDURES

Documented internal policies, standards and procedures are in place to achieve compliance with internal controls and relevant laws and regulations.

Policies and procedures are available on HRC's intranet and are accessible to the employees, which are reviewed and updated in line with external and internal development.

5. BUSINESS INTEGRITY MANAGEMENT

With the enforcement of the Corporate Liability provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 since 1 June 2020, HRC continues to support the Government initiatives and strong determination to fight corruption.

HRC is certified under the Anti-Bribery Management Systems, ISO 37001:2016 and shall continue to adhere with the standard's requirements in its day-to-day operations.

The Risk and Integrity Department is tasked to advocate, implement, and check that HRC business integrity management system works in accordance with its intended purposes.

BRMC provides oversight and direction on risk management matters, including bribery and corruption risks, and compliance with risk management frameworks. The BRMC also assesses the effectiveness of risk controls and advises on continuous improvements in risk mitigation strategies.

HRC's business integrity management comprises the following key controls:

a. ANTI-BRIBERY MANAGEMENT SYSTEMS MANUAL

Business integrity is recognised as one of the main pillars of HRC's General Business Principles. All employees are expected to exercise integrity regardless of their department or career level as Integrity is one of the HRC's core values.

The HRC Anti-Bribery Management Systems Manual (ABMS Manual) outlines the procedure, integrity screening and ethical behaviours expected from the employees and business associates to avoid any instances of bribery, corruption or receipt of monies derived from money laundering activities.

The ABMS Manual was approved by the Board so that ethical business practices are being adhered to and adequate controls have been put in place by the Company to mitigate the risk of bribery and corruption.

The ABMS Manual covers areas such as:

- i. The contracting and procurement process
- ii. Offering and receiving gifts and hospitality
- iii. Conflicts of interest
- iv. Facilitation payments
- v. Funding social investment, donation and sponsorship
- vi. Political payments and activities
- vii. Recruitment

The ABMS Manual and its contents have been communicated to all employees via memorandum, HRC's intranet and in-house training. The same has also been communicated to vendors, suppliers, contractors and any third parties that have business dealings with HRC.

Employees and parties having business dealings with HRC have also been requested to sign an integrity pledge to show their commitment towards ABMS Manual and to disclose any confirmed or potential conflict of interest via HRC's annual declaration process. Business associates and senior management are subject to integrity due diligence checks.

The ABMS Manual and HRC's General Business Principles are accessible to the public on HRC's corporate website.

In June 2025, a recertification audit for MS ISO 37001:2016 Anti-Bribery Management System (ABMS) was conducted by SIRIM, the company has achieved the renewal of certification with no non-conformance reports (NCRs). The audit confirmed that HRC's anti-bribery controls remain effective, adequately resourced, and well-integrated into business processes.

Statement on Risk Management and Internal Control

b. BUSINESS INTEGRITY ACTIVITIES

Various activities were organised to strengthen the culture of business integrity in line with HRC's core values.

On 10 December 2025, the Risk & Integrity Department organised HRC Integrity Day 2025. The event aimed to reinforce ethical leadership, good governance, and accountability across all levels of the organisation. The programme featured a keynote address by an officer from the Malaysian Anti-Corruption Commission (MACC), focusing on corporate integrity and anti-bribery best practices.

As part of HRC's continuous commitment to ethical governance, on 15 December 2025, all employees, including contract employees, were required to complete the annual Declaration of Commitment to Comply with the ABMS Manual and Code of Conduct, as well as the Declaration of Conflict of Interest. This process reinforces HRC's emphasis on transparency, ethical business practices, and compliance with ISO 37001:2016.

6. COMPLIANCE MANAGEMENT

The Management team led by the CEO is responsible for ensuring day to day operational compliance within the Company.

HRC's compliance management includes compliance to all relevant laws, regulations, rules and guidelines. It also covers risk-based compliance to the Company's internal policies, procedures, and code of conduct.

In 2025, no major non-compliance was encountered.

7. CODE OF CONDUCT

The Code of Conduct (Code) applies to every employee, officer, and director in HRC as well as contract employees working for HRC. Contractors and consultants who are agents of, or working on behalf of, or in the name of HRC (through outsourcing of services, processes or any business activity), are required to act consistently with the Code when acting on HRC's behalf. Contractors and consultants are also made aware of the Code as it applies to their dealings with HRC employees.

The Code outlines the following:

- Our responsibilities and a guide to ethical decision making.
- The standards of good behaviour that HRC expects from every employee, all contractors and all consultants as well as contract employees.
- That we have the right to expect the same standards of behaviour from our colleagues.
- The system for handling of sensitive information and HRC's Intellectual Property.
- Guidelines to help in keeping our business interactions legal, ethical and professional, ensuring that we protect ourselves from any suspicion of wrongdoing and to safeguard HRC's reputation.

8. INFORMATION AND COMMUNICATIONS TECHNOLOGY

Information and communications technology are deployed in HRC to automate work processes where possible and to efficiently collect and report key business information.

HRC is certified under the Information Security Management System (ISMS), MS ISO / IEC 27001:2022 and shall continue to enhance its information and communication systems to ensure that it can act as an enabler to improve business processes, work productivity and decision making throughout the Company.

9. EMPLOYEES PERFORMANCE MANAGEMENT

HRC selects individuals for employment through a recruitment process. The professionalism and competency of employees is continuously enhanced through training and development programme.

A performance management system is in place which measures employee's performance against agreed goals on an annual basis.

Statement on Risk Management and Internal Control

10. WHISTLEBLOWING POLICY

HRC has established a Whistleblowing Policy (Policy) which provides an avenue for employees and members of the public (Whistleblower) to disclose any Improper Conduct in accordance with the procedures under the Policy.

Under the Policy, a Whistleblower will be accorded the protection of confidentiality of identity, to the extent reasonably practicable. A Whistleblower will also be protected against any adverse or detrimental actions for disclosing improper conduct that has been committed or is about to be committed within HRC, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if investigations later reveal that the Whistleblower is mistaken as to the facts, rules and procedures involved.



The Policy is available on HRC's corporate website.

INTERNAL AUDIT

The Board recognises that the Internal Audit (IA) function is an integral component of the governance process. IA reports functionally to the Board Audit Committee (BAC). The main roles and responsibilities of IA is to provide an independent and objective assurance designed to add value and improve HRC's operations. IA discharged its role by recommending systematic and disciplined approaches to evaluate and improve the effectiveness of risk management, governance, and internal control processes.

In FY2025, the following reviews were performed and reported to the BAC:

- a. Audit engagements were carried out based on the annual internal audit plan approved by the BAC. IA assessed the audit areas with regards to risk exposures, compliance with approved policies and procedures and relevant laws and regulations. For any gaps identified, IA provided recommendations to Management to improve the effectiveness of controls where applicable.

IA reports including recommendations and Management's agreed action plans were submitted to the BAC for their deliberation. IA also followed-up on the implementation status of Management's agreed action plans and thereafter reported the status to the BAC.

- b. Annual audits by third-party independent assurance provider were carried out to maintain the quality standard requirements of the following:
 - Re-certification audit was carried out by SIRIM for ISO 37001:2016 Anti Bribery Management System;
 - Re-certification audit for ISO 17025:2017 Laboratories was carried out by Department of Standards Malaysia;
 - Surveillance audit was also carried out by SIRIM for ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management Systems, and ISO 45001:2018 Occupational Health and Safety Management System; and
 - Surveillance and upgrading audit were successfully carried out for ISO 27001:2022 Information Security Management System.

The reviews concluded that HRC conformed to the requirements of the management systems.

Statement on Risk Management and Internal Control

REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Company for the year ended 31 December 2025, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Company, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from the CEO and CFO that HRC's financial records are properly maintained and that its risk management and internal control system is operating adequately and effectively in addressing the material risks within the Company in its current business environment.

The Board has reviewed the adequacy and effectiveness of the risk management and internal control system of the Company and is of the view that they are sound and provide a reasonable level of confidence, but not absolute assurance, that HRC is not affected by any event that cannot be reasonably foreseen.

In the year under review, the Board is not aware of any significant control failure or weakness that would have resulted in material losses, contingencies or uncertainties requiring separate disclosure in this Annual Report.

Following any economic effects of the geopolitical tensions, macroeconomic variables, and evolving policies and regulations, the Board will continue to review measures initiated by HRC to minimise the potential risk and impact arising from these situations.

This Statement on Risk Management and Internal Control was approved by the Board on 27 March 2026.

Audit Committee Report

“ The Board of Directors (Board) of Hengyuan Refining Company Berhad (HRC or the Company) presents the Audit Committee Report which provides insights into the manner in which the Board Audit Committee discharged its functions in FY2025. ”

COMPOSITION AND ATTENDANCE

HRC's Board Audit Committee (BAC) comprises three (3) members with a diverse mix of skills, knowledge, experience and perspectives in the areas of accounting, corporate finance, banking, oil and gas industry, risk management, strategy and corporate governance, which enables the BAC to discharge its duties.

The BAC consists solely of Independent Non-Executive Directors (NEDs). All of the Independent NEDs satisfied the test of independence under Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (MMLR). The BAC complies with Paragraph 15.09(1)(a) and (b), 15.09(2), and 15.10 of the MMLR, and adheres to Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance (MCCG).

The BAC Chairman, Peter Ho Kok Wai, is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales (1984) and Malaysian Institute of Accountants (1993). He is also a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (2010). The BAC Member, Tai Sook Yee, is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (1987) and Malaysian Institute of Accountants (1987). Accordingly, HRC complies with Paragraph 15.09(1)(c)(i) of MMLR.

The members of the BAC and their respective designation and directorship are as follows:-

Designation	Name	Directorship
Chairman	Peter Ho Kok Wai*	Independent Non-Executive Director
Member	Surinderdeep Singh Mohindar Singh	Independent Non-Executive Director
Member	Tai Sook Yee	Independent Non-Executive Director

* Mr Peter Ho Kok Wai was appointed with effect from 3 March 2025.

HRC has also adopted Practice 9.1 of MCCG where the positions of the Chairman of the Board and Chairman of the BAC are held by different persons, as well as adopted Practice 9.2 of MCCG where presently, none of the members of the BAC are the former partner of Messrs KPMG PLT, except for Mr Peter Ho who is a former partner of Messrs KPMG PLT and retired from KPMG in December 2014.

The Board reviews the terms of office of the BAC members and assesses the performance of the BAC and its members through an annual Board Committee effectiveness evaluation.



The Board indicated, through the Board Effectiveness Assessment FY2025, that it was satisfied that the BAC and its members discharged their functions, duties, and responsibilities in accordance with the BAC's Terms of Reference (TOR), which is accessible for reference on the Company's website at: www.hrc.com.my.

MEETINGS

The BAC held five (5) meetings during the financial year ended 31 December 2025. The details of the attendance record for each BAC member are as follows:-

Name	Attendance 2025
Peter Ho Kok Wai*	4/4
Surinderdeep Singh Mohindar Singh	5/5
Tai Sook Yee	5/5

* Mr Peter Ho Kok Wai was appointed with effect from 3 March 2025.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) were invited to all BAC meetings to facilitate direct communication, as well as to provide clarification on audit issues and the Company's operations. The Chief Internal Auditor (CIA) attended all BAC meetings to table the respective Internal Audit (IA) reports. The relevant responsible Management members were invited to brief the BAC on specific issues arising from the audit reports or on any matters of interest.

Audit Committee Report

As part of the BAC's efforts to ensure the reliability of HRC's quarterly financial statements and compliance with applicable Financial Reporting Standards, Messrs KPMG PLT (External Auditors) were engaged to conduct a limited review of selected HRC's quarterly financial statements. The outcome and findings of the review were presented to the BAC for review and recommendation for the Board's approval for release to Bursa Malaysia.

The BAC also held its independent meetings with KPMG on 27 August 2025 and 23 February 2026 without the presence of Management to discuss and provide feedback on the Company's review for 6 months ended 30 June 2025 and audit for the financial year ended 31 December 2025 respectively, the level of cooperation received from Management, any specific audit concerns, and the quality of financial reporting.

The Minutes of each BAC meeting was recorded and tabled for confirmation at the next following BAC meeting and subsequently presented to the Board for notation. In 2025, the BAC Chair presented to the Board the BAC's recommendations to approve the annual and quarterly financial statements.

The BAC Chair also conveyed to the Board, matters of significant concern as and when raised by the External Auditors or Internal Auditors in the respective quarterly presentations.

ACTIVITIES OF THE BAC

The BAC holds the overall responsibility for monitoring HRC's management of financial risk processes, accounting and financial reporting practices and ensuring the adequacy and effectiveness of internal controls.

The BAC's key activities for the financial year ended 31 December 2025 comprised the following:

1. Financial Reporting

In overseeing HRC's financial reporting, the BAC reviewed the quarterly financial statements for the fourth quarter of 2024 and the annual audited financial statements for 2024 at its meetings on 24 February 2025 and 27 March 2025 respectively.

The quarterly financial statements for the first, second and third quarters of 2025, which were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting, International Accounting Standard (IAS) 34 Interim Financial Reporting and Paragraph 9.22, including Appendix 9B of the MMLR, were reviewed at the BAC meetings on 22 May 2025, 27 August 2025, and 28 November 2025 respectively.

On 23 February 2026 and 27 March 2026, the BAC reviewed the quarterly financial statements for the fourth quarter of 2025 and the annual audited financial statements for 2025 respectively.

The BAC's recommendations were presented for approval at the subsequent Board meetings.

2. External Audit

The BAC reviewed KPMG's audit plan and scope for the financial year ended 2025 and the payment of auditors' statutory and non-audit fees.

The results of KPMG's annual audit and audit findings together with recommendations and Management's response were reviewed by the BAC. Matters included in the Management representation letter were also reviewed by the BAC.

In addition to the review of the annual audit of HRC's financial statements, the External Auditors were engaged to conduct reviews of selected quarterly financial results during 2025 in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" which were reported and reviewed by the BAC.

On 27 March 2026, the CIA reported that non-audit fees incurred in FY2025 amounted to RM228,000, representing approximately 39% of the total remuneration paid to the External Auditors, which amounted to RM591,000.

The BAC had assessed and was satisfied with the competency, audit quality and independence of KPMG. The assessment was conducted based on the criteria stipulated in HRC's External Auditor Assessment Policy.

Audit Committee Report

3. Internal Audit

The Internal Audit team conducted the audit work as per the 2025 Annual Audit Plan approved by the BAC on 21 November 2024.

In year 2025, the internal audit function of HRC is monitored by the BAC and consists of two segments:

- (1) An Internal Audit Department (IAD), which acts as an independent evaluating body to assist and provide assurance to the Board, the BAC and Management of HRC. The IAD is headed by the CIA who reports functionally to the Chair of the BAC and administratively to the CEO. There is one (1) Internal Auditor who reports to the CIA. The internal auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan. IAD activities are reported to the BAC on a quarterly basis. IAD also conducts subsequent follow-up work on the implementation status of Management's agreed action plans and thereafter reported the status to the BAC.
- (2) HRC's Site Internal Assurance (SIA), which comprises 30 trained and/or ISO certified site internal auditors from various departments of HRC. The SIA carries out the site work process audit and ISO management system internal audits in ensuring process effectiveness of HRC and reports to the Senior Vice President of Quality & Health, Security, Safety and Environment (QHSSE). SIA overall activities are presented to BAC annually, at the end of each financial year.

Several weaknesses in internal control were identified through the internal audit during the financial year. These weaknesses have not materially impacted on the business or operations of HRC and are not deemed significant. Management has either taken the necessary measures to address these weaknesses or is in the process of addressing them.

The total costs incurred by the internal audit function of the Company for the financial year 2025 was RM566,000.

4. HRC Assurance Plan 2025

The BAC oversaw HRC's approved internal audit and assurance plan for the year 2025 which consisted of seven (7) regulatory and statutory audits, fourteen (14) internal audits and eight (8) process effectiveness reviews to ensure business processes and regulatory compliance.

These are:

Name of Audit/Review
Regulatory/Statutory Audits
Financial Audit and Interim Financial Reviews by External Auditor
ISO 9001 Surveillance Audit
ISO 14001 Surveillance Audit
ISO 45001 Surveillance Audit
ISO 17025 Accreditation Audit
ISO 27001 Surveillance & Upgrading Audit
ISO 37001 Re-certification Audit
Internal Audits
Sustainability Statement Review in Providing Statement of Assurance
Refinery Hydrocarbon (Crude) Hedging Compliance Review
Marine & Jetty Management
Oil Loss Monitoring Processes
Follow Up Action on Marine Load Survey by Independent Third Party
Cyber Security Management
HRC Regulatory Compliance Review
Recurrent Related Party Transaction Review
ISO 9001
ISO 14001
ISO 45001
ISO 17025
ISO 27001
ISO 37001
Process Effectiveness Reviews
Custody Transfer Meter and Mass Balance
Refinery Programming & Scheduling
Instrumented Protective Function
Site Internal Assurance
Casual Learning
Ensure Quality Product
Ensure Plan Delivery
Turnaround Management

Audit Committee Report

The progress of the Internal Audit and Assurance Plan 2025 and its audits were reported to the BAC on a quarterly basis.

Where appropriate, the BAC directed Management to rectify and improve internal control processes based on the auditors' recommendations and suggestions for improvement based on severity of findings and ratings of audits.

5. Related Party Transactions

In the year 2025, the BAC reviewed the Company's Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions (RRPT) for the period from 28 May 2025 to the 67th Annual General Meeting of the Company.

In addition, the BAC oversaw the Company's compliance with MMLR in respect of related party transactions and RRPT and ensured that the necessary announcements were made to Bursa Malaysia.

6. Conflict of Interest (COI)

The Directors are required to avoid situations that may directly or indirectly conflict with the interests of the Company, whether perceived or real, and must not allow their personal or business interests to interfere with their duties. To meet the MMLR requirement, the Company has established a clear and transparent COI policy that restricts a Director from deliberating and participating in any transaction when a potential conflict of interest exists. The Directors and key senior management are required to disclose the nature and extent of any actual, potential and perceived COI including their family members or related parties who have affiliations, interests or relationships, and/or have taken part in the transactions related to HRC. There was no potential COI reported in FY2025.

7. Others

Other matters discussed by the BAC during its meetings include:

- (a) Quarterly updates on the treasury report relating 12 months solvency, banking facilities and foreign exchange hedging. BAC also review the financial covenant of the Company;
- (b) Quarterly updates on the Recurrent RPT (RRPTs) received from the Management. The BAC also ensured that all RRPTs were within the thresholds of the shareholders' mandate;
- (c) Quarterly update of the margin performance;
- (d) The review of renewal tenancy agreement for corporate office, addendum to provision of business support and amendment to Process Governance of RRPTs;
- (e) The review of the KPMG audit representation letter and Statement on Risk Management and Internal Controls (SORMIC) representation letter;
- (f) The review of shareholder circular in relation to proposed mandate for RRPT;
- (g) The review of SORMIC, the BAC Report and RRPT disclosure for the respective financial year for the purpose of inclusion in the Company's annual report;
- (h) The review of conflict of interest declaration;
- (i) The review of update from Human Resources department on status of action plan;
- (j) The review of Non-Audit Services Policy, which was subsequently recommended to the Board for endorsement; and
- (k) The recommendation to engage external quality review services for the internal audit functions.

This Audit Committee Report was approved by the Board on 27 March 2026.

Financial Report

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Directors' Report

For the year ended 31 December 2025

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2025.

Principal activities

The Company is principally engaged in refining and manufacturing of petroleum products. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company's immediate and ultimate holding companies during the financial year and until the date of this report are Malaysia Hengyuan International Limited, a company incorporated in Labuan, Malaysia and Shandong Hengyuan Petrochemical Group Company Limited, a company incorporated in China respectively.

Results

	RM'000
Loss for the year	260,247

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review other than those shown in the financial statements.

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Wang YouDe
Surinderdeep Singh Mohindar Singh
Tai Sook Yee
Li, XiaoXia
Peter Ho Kok Wai (appointed on 3 March 2025)

Directors' interests in shares

None of the Directors holding office at 31 December 2025 had any interest in the shares of the Company or its holding company during the financial year.

Directors' Report

For the year ended 31 December 2025

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2025 are as follows:

	RM'000
Fees and allowances	1,649

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

On 30 October 2025, the issued and paid-up shares of the Company has increased from 300,000,000 ordinary shares to 600,000,000 ordinary shares by way of issuance of 300,000,000 new ordinary shares ("Rights Shares") at RM0.78 per Rights Share together with 149,999,984 free detachable convertible warrants issued for a total net cash consideration of RM232,450,000 after defrayment of incidental expenses of RM1,550,000. Accordingly, share capital increased by RM180,055,000, with a warrants reserve of RM52,395,000 recognised.

There were no other changes in the issued and paid-up ordinary share capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officer of the Company are RM40,000,000 and RM85,000 respectively. There was no indemnity given to or insurance effected for the auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and that adequate provision had been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Directors' Report

For the year ended 31 December 2025

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; and
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Significant event during the year

Renounceable rights issue of new ordinary shares in the Company together with free detachable convertible warrants (“Rights Issue with Warrants”)

On 14 July 2025, the Company announced that it proposed to undertake a renounceable rights issue of up to 300,000,000 new ordinary shares in the Company (“Rights Share”) at an issue price of RM0.78 per Rights Share together with up to 150,000,000 free detachable convertible warrants (“Warrants”) on the basis of one (1) Rights Share for every one (1) existing share held by entitled shareholders and one (1) Warrant for every two (2) Rights Shares subscribed (“Rights Issue with Warrants”), which was approved by the Company’s shareholders at an Extraordinary General Meeting held on 18 September 2025.

The Rights Issue with Warrants was completed following the listing and quotation of 300,000,000 new ordinary shares together with 149,999,984 free detachable convertible warrants on the Main Market of Bursa Malaysia on 30 October 2025. The net proceeds raised amounted to RM232,450,000 after defrayment of incidental expenses of RM1,550,000. Accordingly, share capital increased by RM180,055,000, with a warrants reserve of RM52,395,000 recognised.

Directors' Report

For the year ended 31 December 2025

Subsequent event

Subsequent to the reporting date, the escalating geopolitical tensions in the Middle East since end of February 2026 have caused crude oil supply disruptions from that region and led to significant volatility of the global oil prices. The Company has performed a preliminary assessment of the potential impact of this economic uncertainty on its operations and cash flows. At this juncture, the management is unable to reliably estimate the financial impact on the carrying amount of the Company's assets and liabilities, as well as the results for the next financial year. The Company will continue to closely monitor the situation, take appropriate and timely actions to minimise the impact.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Company during the year is RM363,000.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Wang, YouDe

Director

Kuala Lumpur

Date: 27 March 2026

Peter Ho Kok Wai

Director

Statement of Financial Position

As at 31 December 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Property, plant and equipment	3	1,986,037	2,097,819
Right-of-use assets	4	13,429	9,484
Intangible assets	5	1,356	2,668
Deferred tax assets	6	11,312	105,588
Derivative financial assets	7	-	167
Total non-current assets		2,012,134	2,215,726
Inventories	8	833,768	399,992
Trade receivables	9	484,270	446,738
Other receivables and prepayments	10	10,610	12,753
Current tax assets		15,049	19,372
Derivative financial assets	7	41,674	2,034
Cash and cash equivalents	11	905,763	679,096
Total current assets		2,291,134	1,559,985
Total assets		4,303,268	3,775,711
Equity			
Share capital	12	480,055	300,000
Retained earnings		726,581	986,828
Cash flow hedge reserve	12	16,008	(161)
Cost of hedging reserve	12	500	(7,602)
Translation reserve	12	(128,888)	(128,888)
Warrants reserve	12	52,395	-
Total equity attributable to owners of the Company		1,146,651	1,150,177
Liabilities			
Borrowings	13	193,411	367,686
Lease liabilities		5,189	3,464
Derivative financial liabilities	7	-	2,746
Total non-current liabilities		198,600	373,896
Borrowings	13	1,067,258	1,066,055
Lease liabilities		6,805	4,557
Trade and other payables	14	1,838,943	1,159,894
Amount due to a related company	15	28,241	4,098
Derivative financial liabilities	7	16,770	17,034
Total current liabilities		2,958,017	2,251,638
Total liabilities		3,156,617	2,625,534
Total equity and liabilities		4,303,268	3,775,711

The notes on pages 104 to 141 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000
Revenue	16	13,165,369	17,211,700
Cost of sales		(12,751,358)	(17,014,977)
Gross profit		414,011	196,723
Other income		180	-
Manufacturing expenses		(196,173)	(172,089)
Administrative expenses		(72,586)	(67,455)
Depreciation and amortisation		(170,505)	(152,005)
Other operating losses		(1,635)	(32,253)
Results from operating activities		(26,708)	(227,079)
Finance income	17	6,644	10,186
Finance costs	18	(153,646)	(140,668)
Net finance costs		(147,002)	(130,482)
Loss before tax	19	(173,710)	(357,561)
Tax expense	20	(86,537)	-
Loss for the year		(260,247)	(357,561)
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge	21	16,169	97,034
Cost of hedging reserve	21	8,102	8,138
		24,271	105,172
Total comprehensive expenses for the year		(235,976)	(252,389)
Loss per ordinary share (sen) - basic/diluted	22	(68)	(108)

The notes on pages 104 to 141 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Non-distributable			Distributable		
		Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000	Translation reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	
At 1 January 2024	300,000	(97,195)	(15,740)	(128,888)	-	1,344,389	1,402,566
Loss for the year	-	-	-	-	-	(357,561)	(357,561)
Other comprehensive income for the year	-	97,034	8,138	-	-	-	105,172
Total comprehensive income/(expenses) for the year	-	97,034	8,138	-	-	(357,561)	(252,389)
At 31 December 2024/ 1 January 2025	300,000	(161)	(7,602)	(128,888)	-	986,828	1,150,177
Loss for the year	-	-	-	-	-	(260,247)	(260,247)
Other comprehensive income for the year	-	16,169	8,102	-	-	-	24,271
Total comprehensive income/(expenses) for the year	-	16,169	8,102	-	-	(260,247)	(235,976)
Contribution by owners of the Company:							
Issue of ordinary shares pursuant to the Rights Issue with Warrants (Note 28)	180,055	-	-	-	52,395	-	232,450
At 31 December 2025	480,055	16,008	500	(128,888)	52,395	726,581	1,146,651
	Note 12.1	Note 12.2	Note 12.3	Note 12.4	Note 12.5		

The notes on pages 104 to 141 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Loss before tax		(173,710)	(357,561)
<i>Adjustments for:</i>			
Amortisation of intangible assets	5	1,312	2,303
Depreciation of property, plant and equipment	3	162,248	147,688
Depreciation of right-of-use assets	4	6,945	2,014
Finance costs		153,646	140,668
Finance income		(6,644)	(10,186)
Gain on modification of lease contracts		(180)	-
Inventories written down/(written back)		6,289	(65,786)
Net fair value (gains)/losses on derivative financial instruments - unrealised		(16,136)	6,290
Net foreign exchange (gains)/losses - unrealised		(73,665)	2,716
Operating profit/(loss) before changes in working capital		60,105	(131,854)
Change in inventories		(434,446)	1,057,155
Change in trade receivables, other receivables and prepayments		(36,084)	375,587
Change in trade and other payables, amount due to a related company		742,051	(1,176,972)
Cash generated from operations		331,626	123,916
Interest received		6,644	10,186
Tax refunded		4,398	-
Net cash from operating activities		342,668	134,102
Cash flows from investing activities			
Acquisition of property, plant and equipment	(i)	(44,918)	(98,305)
Acquisition of intangible assets	5	-	(207)
Net cash used in investing activities		(44,918)	(98,512)

Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from financing activities			
Changes in restricted cash for borrowing facilities		563	(87)
Proceeds from borrowings		331,588	1,099,276
Repayment of borrowings		(467,588)	(1,379,300)
Net repayment of borrowings	(iii)	(136,000)	(280,024)
Net proceeds from issue of ordinary shares pursuant to the Rights Issue with Warrants	28	232,450	-
Interest paid		(154,438)	(141,929)
Payment of lease liabilities	(ii)	(6,737)	(1,928)
Net cash used in financing activities		(64,162)	(423,968)
Net increase/(decrease) in cash and cash equivalents			
Effect of exchange rate fluctuations		(6,358)	38,858
Cash and cash equivalents at 1 January	11	670,268	1,019,788
Cash and cash equivalents at 31 December	11	897,498	670,268

(i) Acquisition of property, plant and equipment

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM50,466,000 (2024: RM48,523,000). Cash payments of RM44,918,000 (2024: RM98,305,000) were made for acquisition of property, plant and equipment, which include payment for unpaid balances from prior years.

(ii) Cash outflows for leases as lessee

	2025 RM'000	2024 RM'000
Included in net cash used in financing activities		
Payment of lease liabilities	6,737	1,928
Interest paid in relation to lease liabilities	561	163
Total cash outflows for leases	7,298	2,091

Statement of Cash Flows

For the year ended 31 December 2025

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January RM'000	Net changes from financing cash flows RM'000	Additions RM'000	Lease modification RM'000	Amortisation of transaction costs RM'000	Changes in interest accrued RM'000	Effect of exchange rate change RM'000	At 31 December RM'000
2025								
Lease liabilities	8,021	(6,737)	17,605	(6,895)	-	-	-	11,994
Borrowings	1,433,741	(136,000)	-	-	389	(1,599)	(35,862)	1,260,669
	1,441,762	(142,737)	17,605	(6,895)	389	(1,599)	(35,862)	1,272,663
2024								
Lease liabilities	912	(1,928)	8,934	103	-	-	-	8,021
Borrowings	1,720,881	(280,024)	-	-	389	(2,060)	(5,445)	1,433,741
	1,721,793	(281,952)	8,934	103	389	(2,060)	(5,445)	1,441,762

The notes on pages 104 to 141 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2025

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Batu 1, Jalan Pantai
71000 Port Dickson
Negeri Sembilan

Registered office

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, Petaling Jaya
46200 Selangor

The Company is principally engaged in refining and manufacturing of petroleum products. There has been no significant change in the nature of these activities during the financial year.

The Company’s immediate and ultimate holding companies during the financial year and until the date of this report are Malaysia Hengyuan International Limited, a company incorporated in Labuan, Malaysia and Shandong Hengyuan Petrochemical Group Company Limited, a company incorporated in China respectively.

The financial statements were authorised for issue by the Board of Directors on 27 March 2026.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

Notes to the Financial Statements

For the year ended 31 December 2025

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, interpretations and amendments, except for Amendments to MFRS 1, Amendments to MFRS 10, Amendments to MFRS 128 and Amendments to MFRS 19 which are not applicable to the Company:

- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned accounting standards and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following item, which is measured based on the measurement basis stated below:

Item	Measurement basis
Derivative financial instruments	Fair value

The Company has prepared its financial statements by applying the going concern assumption, notwithstanding the Company has incurred a loss of RM260,247,000 for the year ended 31 December 2025 and, as of that date, the Company's current liabilities exceeded its current assets by RM666,883,000.

The Company's net current liabilities position is primarily attributable to borrowings that are substantially short-term, as well as trade and other payables arising in the ordinary course of business. Based on the cash flows forecast for the next twelve months from the date of approval of the financial statements, the Directors are of the view that the Company has sufficient cash for the next twelve months from the date of approval of the financial statements to meet their operation requirements as and when they fall due. The Directors have assessed that the going concern basis for the preparation of the financial statements remain appropriate in view of the availability of credit facilities and continuous support from lenders to meet the Company's operational and financial needs.

Notes to the Financial Statements

For the year ended 31 December 2025

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

At the date of this report, there is no reason for the Directors to believe that there is any significant uncertainty on the achievement of the above plans. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency and has been rounded to nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - measurement of the recoverability of the carrying amount of refinery assets
- Note 8 - measurement of net realisable value of inventories

2. Changes in material accounting policies

The changes in material accounting policies during the financial year are as follows:

- The Company adopted Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (“Amendments to MFRS 121”) that have been issued by MASB from 1 January 2025. The Amendments to MFRS 121 did not have any significant impact on the Company’s financial statements.
- The Company changed its accounting policy on inventory costing from first-in, first-out to the weighted average cost formula. The change was made as the Company considers that the weighted average cost formula better reflects the pattern of crude cost consumption of the Company’s inventories. The change in accounting policy did not have any significant impact on the Company’s financial statements. Accordingly, the comparative figures have not been restated.

Notes to the Financial Statements

For the year ended 31 December 2025

3. Property, plant and equipment

	Freehold land RM'000	Land improvements RM'000	Building RM'000	Plant, machinery, equipment and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost						
At 1 January 2024	46,535	14,299	99,791	5,064,868	21,193	5,246,686
Additions	-	-	-	-	48,523	48,523
Reclassification	-	-	-	39,627	(39,627)	-
At 31 December 2024/1 January 2025	46,535	14,299	99,791	5,104,495	30,089	5,295,209
Additions	-	-	-	-	50,466	50,466
Reclassification	-	-	-	57,847	(57,847)	-
At 31 December 2025	46,535	14,299	99,791	5,162,342	22,708	5,345,675

Depreciation and impairment loss

At 1 January 2024

Accumulated depreciation	-	13,763	71,898	2,731,372	-	2,817,033
Accumulated impairment loss	-	-	-	220,561	12,108	232,669
	-	13,763	71,898	2,951,933	12,108	3,049,702
Depreciation for the year	-	85	1,983	145,620	-	147,688
Reclassification	-	-	-	10,941	(10,941)	-

At 31 December 2024/1 January 2025

Accumulated depreciation	-	13,848	73,881	2,876,992	-	2,964,721
Accumulated impairment loss	-	-	-	231,502	1,167	232,669
	-	13,848	73,881	3,108,494	1,167	3,197,390
Depreciation for the year	-	82	1,964	160,202	-	162,248
At 31 December 2025						
Accumulated depreciation	-	13,930	75,845	3,037,194	-	3,126,969
Accumulated impairment loss	-	-	-	231,502	1,167	232,669
	-	13,930	75,845	3,268,696	1,167	3,359,638

Notes to the Financial Statements

For the year ended 31 December 2025

3. Property, plant and equipment (continued)

	Freehold land RM'000	Land improvements RM'000	Building RM'000	Plant, machinery, equipment and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Carrying amounts						
At 1 January 2024	46,535	536	27,893	2,112,935	9,085	2,196,984
At 31 December 2024/1 January 2025	46,535	451	25,910	1,996,001	28,922	2,097,819
At 31 December 2025	46,535	369	23,946	1,893,646	21,541	1,986,037

3.1 Assets pledged as security

Property, plant and equipment with a carrying amount of RM1,986,037,000 (2024: RM2,097,819,000) as at the reporting date are pledged as security for borrowings as disclosed in Note 13.

3.2 Recoverability of the carrying amount of refinery assets

The Company reviews the carrying amount of its property, plant and equipment, intangible assets and right-of-use assets (collectively the refinery assets cash-generating-units ("CGU")). The Company's results from operations in any given period are principally driven by the demand for and price of petroleum products relative to the supply and cost of crude oil.

Assumptions considered in the value in use ("VIU") calculations include projected refining margins, margin uplift initiatives from crude optimisation and estimated production volume based on existing production capacity adjusted for planned turnaround activities. Refinery margins are subject to cyclical fluctuations resulting from an over-supply and supply tightness in various global and regional markets. The VIU calculations also took into account the planned capital expenditure and incremental operating costs anticipated to ensure compliance with product specification regulations. The assessment was based on management's assessment adjusted for market conditions and extrapolating the cash flows over a 20-year periods.

The following key assumptions were made in determination of the recoverable amount:

- (i) Refining margins per barrel: Between USD3.69 to USD5.81 (2024: USD3.57 to USD5.04)
- (ii) Discount rate: 9.30% (2024: 9.28%)
- (iii) Production volume: Based on existing production capacity and forecasted demand, considering the impact from climate-related risk.

Notes to the Financial Statements

For the year ended 31 December 2025

3. Property, plant and equipment (continued)

3.2 Recoverability of the carrying amount of refinery assets (continued)

Sensitivity analysis:

The key estimation uncertainty over the assumptions used by management in the VIU is the refining margins, production volume and discount rate. The sensitivity of these assumptions to the recoverable amount and impact to impairment is as follows:

- 4.54% (2024: 3.99%) decrease over the 20-year period in refining margin will result in the recoverable amount being equal to the carrying amount of the refinery assets.
- 2.24% (2024: 2.54%) increase over the 20-year period in the discount rate will result in the recoverable amount being equal to the carrying amount of the refinery assets.
- 8.02% (2024: 8.99%) decrease over the 20-year period in the production volume will result in the recoverable amount being equal to the carrying amount of the refinery assets.

The cash flows forecast is dependent on the achievability of the refining margins, production volume and other assumptions used as well as the corresponding sensitivities as indicated above.

3.3 Material accounting policy information

(a) Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful life. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|-----------------------------------|---------------|
| • Land improvements and buildings | 10 - 40 years |
| • Plant, machinery and equipment | 2 - 40 years |
| • Motor vehicles | 5 years |

Notes to the Financial Statements

For the year ended 31 December 2025

3. Property, plant and equipment (continued)

3.3 Material accounting policy information (continued)

(c) Maintenance costs

Asset replacement costs incurred for major schedule maintenance are capitalised as part of the property, plant and equipment and depreciated on a straight-line basis over the period until the next major schedule maintenance.

All other repairs and maintenance expenses are charged to profit or loss in the financial period they are incurred.

4. Right-of-use assets

	Land lease RM'000	Equipment RM'000	Tugboats RM'000	Vehicles RM'000	Total RM'000
At 1 January 2024	1,532	358	548	23	2,461
Additions	-	-	8,934	-	8,934
Depreciation	(19)	(205)	(1,664)	(126)	(2,014)
Lease modifications	-	-	-	103	103
At 31 December 2024/1 January 2025	1,513	153	7,818	-	9,484
Additions	-	210	17,395	-	17,605
Depreciation	(20)	(205)	(6,720)	-	(6,945)
Lease modifications	-	-	(6,715)	-	(6,715)
At 31 December 2025	1,493	158	11,778	-	13,429

4.1 Nature of leasing activities

The Company leases various equipment and tugboats. Rental contracts are typically made for fixed periods of 2 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

4.2 Extension option

The lease on tugboats contains extension options exercisable by the Company up to 2 years before the end of the non-cancellable contract period. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Notes to the Financial Statements

For the year ended 31 December 2025

4. Right-of-use assets (continued)

4.3 Security

At 31 December 2025, right-of-use assets relating to land lease are pledged to secure borrowings granted to the Company (see Note 13).

4.4 Recoverability of the carrying amount of refinery assets

The right-of-use assets are part of the Company's refinery assets CGU and the recoverability of its carrying amounts were subjected to review as disclosed in Note 3.2.

5. Intangible assets

IT development and software

	2025 RM'000	2024 RM'000
Cost		
At 1 January	65,374	65,167
Additions	-	207
At 31 December	65,374	65,374
Amortisation		
At 1 January	62,706	60,403
Amortisation for the year	1,312	2,303
At 31 December	64,018	62,706
Carrying amounts		
At 1 January	2,668	4,764
At 31 December	1,356	2,668

5.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets that are acquired by the Company which have finite useful lives, are measured at cost less any accumulated amortisation.

Notes to the Financial Statements

For the year ended 31 December 2025

5. Intangible assets (continued)

5.1 Material accounting policy information (continued)

(b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods for intangible assets relating to IT development and software are 3 - 10 years.

5.2 Recoverability of the carrying amount of refinery assets

The intangible assets are part of the Company's refinery assets CGU and the recoverability of its carrying amounts were subjected to review as disclosed in Note 3.2.

6. Deferred tax assets

6.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment	-	-	(338,232)	(324,357)	(338,232)	(324,357)
Right-of-use assets	-	-	(2,865)	(1,913)	(2,865)	(1,913)
Derivative financial assets	-	-	(9,997)	(528)	(9,997)	(528)
Unused tax losses	73,070	151,317	-	-	73,070	151,317
Unabsorbed capital allowances	278,116	226,281	-	-	278,116	226,281
Unused reinvestment allowances	-	24,693	-	-	-	24,693
Unrealised foreign exchange	-	11,285	(10,599)	-	(10,599)	11,285
Trade and other receivables	-	40	(123)	-	(123)	40
Inventories	14,699	9,935	-	-	14,699	9,935
Trade and other payables	1,646	2,169	-	-	1,646	2,169
Derivative financial liabilities	2,676	4,741	-	-	2,676	4,741
Lease liabilities	2,921	1,925	-	-	2,921	1,925
Tax assets/(liabilities)	373,128	432,386	(361,816)	(326,798)	11,312	105,588
Set-off of tax	(361,816)	(326,798)	361,816	326,798	-	-
Net tax assets	11,312	105,588	-	-	11,312	105,588

Notes to the Financial Statements

For the year ended 31 December 2025

6. Deferred tax assets (continued)

6.2 Unrecognised deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the Company can utilise prior to the expiry of these tax benefits.

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2025 RM'000	2024 RM'000
Unused tax losses	818,553	425,064
Unused reinvestment allowances	643,377	540,489
	1,461,930	965,553

Unused tax losses and unused reinvestment allowances for which no deferred tax assets were recognised expire as follows:

	2025 RM'000	2024 RM'000
Unused tax losses		
Expiring in 2028	31,838	31,838
Expiring in 2033	251,035	220,883
Expiring in 2034	500,016	172,343
Expiring in 2035	35,664	-
	818,553	425,064
Unused reinvestment allowances		
Expiring in 2031	643,377	540,489

The comparative figures have been restated to reflect the revised temporary differences of the Company based on the final tax computation for year assessment 2024.

6.3 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Notes to the Financial Statements

For the year ended 31 December 2025

6. Deferred tax assets (continued)

6.4 Movement in temporary differences during the year

	At 1 January 2024 RM'000	Recognised in profit or loss (Note 20) RM'000	Recognised in other comprehensive income (Note 21) RM'000	At 31 December 2024/ 1 January 2025 RM'000	Recognised in profit or loss (Note 20) RM'000	Recognised in other comprehensive income (Note 21) RM'000	At 31 December 2025 RM'000
Property, plant and equipment	(307,501)	(16,856)	-	(324,357)	(13,875)	-	(338,232)
Right-of-use assets	(223)	(1,690)	-	(1,913)	(952)	-	(2,865)
Derivative financial assets	(4,224)	4,178	(482)	(528)	(2,638)	(6,831)	(9,997)
Unused tax losses	91,892	59,425	-	151,317	(78,247)	-	73,070
Unabsorbed capital allowance	172,178	54,103	-	226,281	51,835	-	278,116
Unused reinvestment allowances	106,241	(81,548)	-	24,693	(24,693)	-	-
Unrealised foreign exchange	11,561	(276)	-	11,285	(21,884)	-	(10,599)
Trade and other receivables	40	-	-	40	(163)	-	(123)
Inventories	25,724	(15,789)	-	9,935	4,764	-	14,699
Trade and other payables	1,928	241	-	2,169	(523)	-	1,646
Derivative financial liabilities	40,963	(3,491)	(32,731)	4,741	(1,232)	(833)	2,676
Lease liabilities	222	1,703	-	1,925	996	-	2,921
	138,801	-	(33,213)	105,588	(86,612)	(7,664)	11,312

Notes to the Financial Statements

For the year ended 31 December 2025

7. Derivative financial assets/(liabilities)

	2025			2024		
	Nominal value USD'000	Assets RM'000	Liabilities RM'000	Nominal value USD'000	Assets RM'000	Liabilities RM'000
Derivatives used for hedging						
- Refining margin swap contracts	97,742	30,472	10,039	64,918	2,010	13,512
Derivatives at fair value through profit or loss						
- Refining margin swap contracts	23,677	11,181	-	1,580	191	-
- Forward foreign exchange contracts	92,405	21	1,112	-	-	-
- Commodity swap contracts	-	-	-	73,240	-	6,268
- Forward priced commodity contracts	31,515	-	5,619	-	-	-
	245,339	41,674	16,770	139,738	2,201	19,780
Represented by						
- Current	245,339	41,674	16,770	119,173	2,034	17,034
- Non-current	-	-	-	20,565	167	2,746
	245,339	41,674	16,770	139,738	2,201	19,780

Derivatives used for hedging

Refining margin swap contracts

The Company purchases crude on an ongoing basis as the Company requires continuous supply of crude to produce petroleum products. As a result of the volatility in crude price, the Company held certain refining margin swaps designated as hedge of highly probable forecast crude purchases or firm commitments and sales of petroleum products to reduce the volatility of cash flows.

The contracts are intended to hedge the volatility of the refining margin (differences between purchase price of crude oil and sales price of petroleum products) for a period between 1 to 12 months (2024: 1 to 18 months). There were no forecast transactions for which hedge accounting had previously been used, but is no longer expected to occur.

The cash flow hedges of the highly probable forecast crude purchases or firm purchase commitments and sales of petroleum products were assessed to be effective. The net unrealised gain of RM20,433,000 (2024: unrealised loss of RM11,502,000), with a related deferred tax liability of RM4,904,000 (2024: deferred tax asset of RM2,760,000) was included in other comprehensive income in respect of these contracts for the financial year.

Notes to the Financial Statements

For the year ended 31 December 2025

7. Derivative financial assets/(liabilities) (continued)

Derivatives used for hedging (continued)

Refining margin swap contracts (continued)

The effects of the refining margin swap contracts on the Company's financial position and performance are as follows:

	2025	2024
Carrying amount, net (RM'000)	20,433	(11,502)
Nominal value (USD'000)	97,742	64,918
Maturity date	January 2026 to December 2026	January 2025 to June 2026
Hedge ratio (%)	100	100
Gross margin per barrel (USD)	11.25 to 22.50	9.00 to 17.00

Derivatives at fair value through profit or loss

(a) Forward foreign exchange contracts

The Company enters into forward foreign currency contracts to protect the Company from movements in exchange rates by establishing the rate at which foreign currency asset or liability will be settled. Forward currency contracts are mainly used to hedge cash receipts and cash payments denominated in currency other than the functional currency of the Company.

(b) Forward priced commodity contracts

The Company enters into crude purchase contracts with variability in the payables. The delivery and control of the crude is transferred at delivery date. The Company recognises the purchase of the crude as inventory on delivery date based on the forward price of the crude. The variability in the payable associated with the crude price gives rise to an embedded derivative which is not closely related to the purchase contract. The embedded derivative is separated from the payables relating to the purchase of inventory. The Company has elected to adjust and reflect subsequent changes in the fair value of the embedded derivative as part of the cost of inventory.

(c) Commodity swap contracts and refining margin swap contracts

The Company also uses commodity swap contracts and certain refining margin swap contracts that are not hedges of highly probable forecast crude purchases or firm commitments and sales of petroleum products to manage its commodity price risk and inventory holding cost. The Company does not designate these derivatives as hedging instruments and these are accounted for as derivatives at fair value through profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2025

8. Inventories

	Note	2025 RM'000	2024 RM'000
Crude oil		442,506	119,223
Petroleum products		403,136	286,907
Inventories written down		(45,729)	(39,440)
		799,913	366,690
Materials		35,810	35,257
Provision for obsolete inventories		(1,955)	(1,955)
		33,855	33,302
		833,768	399,992
Carrying amount of inventories:			
- pledged as security for unpaid crude oil purchases	8.2	-	366,690
- Inventories in transit		86,662	-
Recognised in profit or loss:			
Inventories recognised as cost of sales		12,479,745	16,826,600
Inventories written down/(written back) (included in cost of sales)	8.1	6,289	(65,786)

8.1 Write-down of inventories to net realisable value

Volatility from both supply and demand side in various global and regional markets have affected the estimated net realisable value of crude oil and petroleum products (“hydrocarbon inventories”). The estimated selling prices fluctuate due to changes in the customers’ demand for petroleum. The Company estimates the net realisable value based on the most reliable evidence at the time the estimate is made. The Company also considers the effect of events occurring after the end of the financial year to the extent that such events confirmed that the conditions existed at the end of the financial year in determining the net realisable value of the hydrocarbon inventories. These estimates require judgements given the uncertainties in the future selling prices and selling costs of the inventories.

8.2 Security

As at the reporting date, no inventories are pledged in favour of a vendor as security for unpaid crude oil purchases (2024: inventories of RM366,690,000 were pledged in favour of a vendor to secure against unpaid crude oil purchases).

Notes to the Financial Statements

For the year ended 31 December 2025

8. Inventories (continued)

8.3 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula (2024: first-in, first-out method) (refer Note 2).

9. Trade receivables

	2025 RM'000	2024 RM'000
Trade receivables	484,270	446,907
Less: Impairment loss allowance	-	(169)
	484,270	446,738

Trade receivables are subject to credit term ranging between 15 to 30 days (2024: 15 to 30 days).

9.1 Transfer of trade receivables

The Company has entered into non-recourse factoring arrangement in respect of its trade receivables. Under this arrangement, the Company has the right to transfer the relevant receivables to the financial institutions in exchange for cash upon submission of such request to the financial institutions when there is a need. Trade receivables are derecognised when the trade receivables are transferred to the financial institution through the factoring arrangement. In the event of default by the trade receivables, the financial institution has no recourse to the Company.

9.2 Security

As at the reporting date, no trade receivables are pledged in favour of a vendor as security for unpaid crude oil purchases (2024: trade receivables of up to USD 50,000,000 were pledged in favour of a vendor to secure against unpaid crude oil purchases).

10. Other receivables and prepayments

	2025 RM'000	2024 RM'000
Other receivables and deposits	6,229	6,984
Prepayments	4,381	5,769
	10,610	12,753

Notes to the Financial Statements

For the year ended 31 December 2025

11. Cash and cash equivalents

	2025 RM'000	2024 RM'000
Bank balances	901,703	674,619
Short-term deposits	4,060	4,477
Cash and cash equivalents in the statement of financial position	905,763	679,096
Less: Restricted cash	(8,265)	(8,828)
Cash and cash equivalents in the statement of cash flows	897,498	670,268

Restricted cash comprised amounts held in a debt service account associated with the medium-term notes and multi-currency revolving credit facilities.

12. Share capital and other reserves

	Amount 2025 RM'000	Number of shares 2025 '000	Amount 2024 RM'000	Number of shares 2024 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January	300,000	300,000	300,000	300,000
Issue of ordinary shares pursuant to the Rights Issue with Warrants (Note 28)	180,055	300,000	-	-
At 31 December	480,055	600,000	300,000	300,000

12.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company and rank pari-passu with regard to the Company's residual assets.

12.2 Cash flow hedge

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred. It is initially recognised in other comprehensive income and reclassified to profit or loss when the associated hedge transaction affects profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2025

12. Share capital and other reserves (continued)

12.3 Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in other comprehensive income and reclassified to profit or loss in the same period when the corresponding cash flow hedge affects profit or loss.

12.4 Translation reserve

The translation reserve represents the exchange differences arising from the translation of the financial statements of the Company whose functional currency was different from presentation currency arising from prior years.

12.5 Warrants reserve

On 30 October 2025, the Company issued 149,999,984 free detachable convertible warrants pursuant to the completion of its Rights Issue with Warrants. Each warrant entitles the holder to subscribe for one new ordinary share at an exercise price of RM1.00 per share at any time within five (5) years from the date of issuance.

The warrants reserve represents the fair value of these free detachable convertible warrants issued.

13. Borrowings

	2025 RM'000	2024 RM'000
Non-current		
Medium term notes	193,411	367,686
Current		
Medium term notes	173,371	136,288
Revolving credits	893,887	929,767
	1,067,258	1,066,055
	1,260,669	1,433,741

Details of the facilities are set out below:

Unrated medium term notes programme

- An unrated medium term notes programme of up to RM5,000,000,000 in nominal value (“MTN Programme”), which will be issued in tranches over a tenure of 30 years via bought deal or private placement.
- The first issuance of MTN (“MTN Tranche 1”) under the MTN Programme amounting to RM680,000,000 is repayable in instalments over a 5-year period. As at reporting date, the outstanding principal amount under the MTN Programme is RM364,000,000 (2024: RM500,000,000).
- MTN Tranche 1 is subject to interest at KLIBOR + 1.35% (2024: KLIBOR + 1.35%) per annum.

Notes to the Financial Statements

For the year ended 31 December 2025

13. Borrowings (continued)

Multi-currency revolving credit facilities

- Multi-currency revolving credit (“RC”) facilities are short term with a tenure of up to 12 months in which the RC facilities may be renewed for the same period following an annual review.
- RC facilities are subject to interest at USD Costs of Funds + 1.50% (2024: USD Costs of Funds + 1.50%) per annum for USD RC facility and KLIBOR + ranging between 1.35% to 1.50% (2024: KLIBOR + ranging between 1.35% to 1.50%) per annum for MYR RC facility.

The above borrowing facilities contain debt covenants that requires the Company to maintain both a net gearing ratio of not more than 1.0 time and a minimum debt service coverage ratio of not lower than 1.2 time. The covenant is tested annually based on financial position as at 31 December. These borrowings will become repayable on demand if the threshold of either covenant ratio is not met at any testing date.

Security

The borrowings are secured over property, plant and equipment (see Note 3) and right-of-use assets relating to land lease (see Note 4).

14. Trade and other payables

	2025 RM'000	2024 RM'000
Trade payables	1,727,461	1,058,717
Other payables	21,677	14,587
Statutory liabilities and prepaid income	10,231	7,587
Sundry accruals	61,057	65,727
Accruals for consumables and services	3,256	4,058
Accruals for capital expenditure	15,261	9,218
	1,838,943	1,159,894

The credit terms for trade payables range from 30 days to 120 days (2024: 30 to 180 days).

Security

As at the reporting date, no trade payables are secured by any charge against the Company’s inventories and receivables (2024: trade payables amounting to RM442,986,000 were secured by a charge against Company’s inventories and receivables, as disclosed in Note 8 and Note 9).

15. Amount due to a related company

The amount due a related company is non-trade in nature, unsecured, interest free and subject to credit term of 30 days (2024: 30 days). In 2024, included in amount due to a related company is accruals for capital expenditure of RM495,000.

Notes to the Financial Statements

For the year ended 31 December 2025

16. Revenue

	2025 RM'000	2024 RM'000
Sale of oil products:		
- refined	13,163,387	17,209,361
- crude oil	1,982	2,339
	13,165,369	17,211,700

The sale of oil products is recognised at point in time upon transfer of control of oil products to customers. This is when oil products are delivered to the customers, the customers have full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customers' acceptance of the oil products. Delivery occurs when the products have been shipped to the specific location, the risk of loss has been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

There is no variable element of in consideration, obligations for returns or refunds or warranty applicable to the sales transaction of the Company.

The Company applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

17. Finance income

	2025 RM'000	2024 RM'000
Recognised in profit or loss		
Interest income of financial assets calculated using the effective interest method that are at amortised cost	6,644	10,186

Notes to the Financial Statements

For the year ended 31 December 2025

18. Finance costs

	2025 RM'000	2024 RM'000
Recognised in profit or loss		
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- borrowings	138,237	114,662
- amortisation of prepaid fees for borrowings	418	410
- amortisation of upfront and commitment fees for borrowings	389	389
- factoring agreement	14,041	25,044
	153,085	140,505
Interest expense on lease liabilities	561	163
	153,646	140,668

19. Loss before tax

	2025 RM'000	2024 RM'000
Loss before tax is arrived at after charging/(crediting):		
Auditors' remuneration		
Audit fees		
- KPMG PLT	363	363
Non-audit fees		
- KPMG PLT	200	20
- Local affiliates of KPMG PLT	28	173
Material expenses/(income)		
Staff cost:		
- salaries, bonus and allowances	70,690	66,119
- defined contribution plan	9,646	10,370
- other employee benefits	7,566	5,211
Foreign exchange (gains)/losses:		
- realised	(14,019)	(7,830)
- unrealised	(73,665)	2,716

Notes to the Financial Statements

For the year ended 31 December 2025

19. Loss before tax (continued)

	2025 RM'000	2024 RM'000
Loss before tax is arrived at after charging/(crediting): (continued)		
Material expenses/(income) (continued)		
Net fair value losses/(gains) on derivative financial instruments:		
- included in cost of sales	142,824	(25,525)
- included in other operating losses	89,319	37,367
Depreciation of property, plant and equipment	162,248	147,688
Depreciation of right-of-use assets	6,945	2,014
Amortisation of intangible assets	1,312	2,303
Reversal of loss on impairment of trade receivables	(169)	-

20. Tax expense

Recognised in profit or loss

	2025 RM'000	2024 RM'000
Current tax income		
Over provision in prior year	(75)	-
Deferred tax expense		
Origination and reversal of temporary differences	86,881	259
Over provision in prior year	(269)	(259)
Total deferred tax recognised in profit or loss (Note 6)	86,612	-
	86,537	-
Reconciliation of tax expense		
Loss before tax	(173,710)	(357,561)
Income tax calculated using Malaysian tax rate of 24%	(41,690)	(85,814)
Non-deductible expenses	16,173	1,637
Income not subjected to tax	(6,732)	(5,026)
Deferred tax assets not recognised	119,130	89,462
Over provision in prior year	(344)	(259)
	86,537	-

Notes to the Financial Statements

For the year ended 31 December 2025

21. Other comprehensive income

2025	Before tax RM'000	Tax (expense)/ benefit RM'000 (Note 6)	Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Net change in fair value	(73,872)	17,730	(56,142)
- Net amount reclassified to profit or loss - cost of sales	95,147	(22,836)	72,311
	21,275	(5,106)	16,169
Cost of hedging reserve			
- Net change in fair value	(37,017)	8,885	(28,132)
- Net amount reclassified to profit or loss - cost of sales	47,677	(11,443)	36,234
	10,660	(2,558)	8,102
	31,935	(7,664)	24,271
2024			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Net change in fair value	151,226	(36,294)	114,932
- Net amount reclassified to profit or loss - cost of sales	(23,550)	5,652	(17,898)
	127,676	(30,642)	97,034
Cost of hedging reserve			
- Net change in fair value	12,684	(3,045)	9,639
- Net amount reclassified to profit or loss - cost of sales	(1,975)	474	(1,501)
	10,709	(2,571)	8,138
	138,385	(33,213)	105,172

Notes to the Financial Statements

For the year ended 31 December 2025

22. Loss per ordinary share

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding. There are no potentially diluted items identified in the current and previous financial year, hence diluted loss per ordinary share equals to basic loss per ordinary share.

	2025 RM'000	2024 RM'000
Loss for the financial year	(260,247)	(357,561)
	2025 '000	2024 '000
Weighted average number of ordinary shares at 31 December*	382,040	330,259
	2025 Sen	2024 Sen
Loss per ordinary share – basic/diluted	(68)	(108)

* The weighted average (“WA”) number of ordinary shares has been adjusted retrospectively to reflect the effects of the Rights Issue with Warrants completed on 30 October 2025, on the basis of one (1) Rights Share for every one (1) existing ordinary share held. In addition, for the purpose of calculating diluted earnings per share, the WA number of ordinary shares is further adjusted for the effects of all dilutive potential ordinary shares, including the free detachable convertible warrants issued on the basis of one (1) warrant for every two (2) Rights Shares subscribed, except where such potential ordinary shares are anti-dilutive.

23. Operating segments

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.

This is consistent with the internal management reports reviewed by the Board of Directors (chief operating decision maker of the Company) where performance of the Company is measured based on refining margins and profit before tax recognised as a single business and geographical segment.

In 2025, one (2024: one) customer contributed to approximately 89% (2024: 85%) of total revenue for the financial year, amounting to RM11,780,514,000 (2024: RM14,668,045,000).

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at year end categorised as follows:

- (a) Amortised cost (“AC”)
- (b) Fair value through profit or loss (“FVTPL”)
- (c) Derivatives used for hedging (“DUH”)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	DUH RM'000
2025				
Financial assets				
Trade receivables	484,270	484,270	-	-
Other receivables excluding prepayment	6,229	6,229	-	-
Cash and cash equivalents	905,763	905,763	-	-
Derivative financial assets	41,674	-	11,202	30,472
	1,437,936	1,396,262	11,202	30,472
Financial liabilities				
Trade and other payables excluding statutory liabilities	1,828,712	1,828,712	-	-
Amount due to a related company	28,241	28,241	-	-
Borrowings	1,260,669	1,260,669	-	-
Derivative financial liabilities	16,770	-	6,731	10,039
	3,134,392	3,117,622	6,731	10,039
2024				
Financial assets				
Trade receivables	446,738	446,738	-	-
Other receivables excluding prepayment	6,984	6,984	-	-
Cash and cash equivalents	679,096	679,096	-	-
Derivative financial assets	2,201	-	191	2,010
	1,135,019	1,132,818	191	2,010
Financial liabilities				
Trade and other payables excluding statutory liabilities	1,152,307	1,152,307	-	-
Amount due to a related company	4,098	4,098	-	-
Borrowings	1,433,741	1,433,741	-	-
Derivative financial liabilities	19,780	-	6,268	13,512
	2,609,926	2,590,146	6,268	13,512

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.2 Net gains and losses arising from financial instruments

	2025 RM'000	2024 RM'000
Net gains/(losses) on:		
Financial assets at AC	21,881	21,543
Financial liabilities at AC	(65,935)	(120,344)
Financial assets and liabilities at FVTPL	(89,812)	(38,727)
Losses from derecognition of financial asset at AC arising from non-recourse factoring	(14,041)	(25,044)
	(147,907)	(162,572)

The nature of the above gains and losses arising from financial instruments are as follows:

- (a) Financial assets at AC - Interest income, foreign exchange gains and losses and impairment
- (b) Financial liabilities at AC - Interest expense and foreign exchange gains and losses
- (c) Financial assets and liabilities at FVTPL - Fair value gains/losses on derivative financial instruments

24.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its trade receivables from customers, short-term deposits and bank balances. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Credit risk on customers arises when sales are made on credit terms. The Company seeks to control credit risk by setting counterparty limits and establishing controls to check that sales of products are made only to approved customers with an appropriate credit history. It is the Company's policy to monitor the financial standing of the customers on an ongoing basis so that the Company is exposed to a minimal credit risk.

There are no significant changes as compared to previous year.

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from customers are represented by the carrying amounts in the statement of financial position.

80% (2024: 78%) of the Company's total receivables at the reporting date are due from two (2024: two) major customers in the oil and gas industry in Malaysia. The Directors are of the view that such credit risk exposure is minimal in view of the strength of the customers' financial position and no history of default from these major customers.

For some trade receivables, the Company may obtain security in the form of guarantees, deeds of underwriting of letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. As at year end, trade receivables amounting to RM23,966,000 (2024: RM22,819,000) were secured by bank guarantees.

Recognition and measurement of impairment losses

The Company adopts the simplified approach whereby an impairment analysis is performed at each reporting date to measure expected credit losses ("ECL"). The loss rates are based on days past due and coverage by letters of credit and historical credit losses of the customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current conditions. The Company has considered expected oil price and geographical area which the debtor operates in and concluded that the effect on expected changes in these factors do not significantly affect the historical credit loss rates. Generally, loss allowance are recognised in full in respect of trade receivables that are past due for more than one year unless it is covered by bank guarantees and/or letters of credit. These bank guarantees and/or letters of credit are considered integral part of trade receivables and considered in the calculation of impairment

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2025			
Current (not past due)	473,546	-	473,546
1 to 30 days past due	10,058	-	10,058
31 to 180 days past due	635	-	635
More than 180 days past due	31	-	31
	484,270	-	484,270
2024			
Current (not past due)	363,495	-	363,495
1 to 30 days past due	81,867	-	81,867
31 to 180 days past due	1,376	-	1,376
More than 180 days past due	169	(169)	-
	446,907	(169)	446,738

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	2025 RM'000	2024 RM'000
Credit impaired		
At 1 January	169	169
Reversal of loss on impairment of trade receivables	(169)	-
At 31 December	-	169

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.4 Credit risk (continued)

Other receivables

Credit risks on other receivables are mainly arising from deposits paid. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company is of the view that the loss allowance is not material and hence, it is not provided for.

Cash and cash equivalents and derivative financial assets

Bank balance, deposits and forward foreign exchange contracts entered into are placed only with financial institutions with strong long-term credit ratings based on independent rating agencies. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

For other derivative financial assets such as refining margin swaps, commodity swaps and forward priced commodity contracts, these are also entered into with counterparties with strong long-term credit ratings based on independent agencies. In addition, the Company may obtain security which can be called upon if the counterparty is in default under terms of agreement.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company is of the view that the loss allowance is not material and hence, it is not provided for.

24.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its payables and borrowings.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As at 31 December 2025, the Company has a net current liabilities position of RM666,883,000. The Company's net current liabilities position is primarily attributable to borrowings that are substantially short-term, as well as trade and other payables arising in the ordinary course of business. Based on the cash flows forecast for the next twelve months from the date of approval of the financial statements, the Directors are of the view that the Company has sufficient cash for the next twelve months from the date of approval of the financial statements to meet their operation requirements as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2025						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	1,828,712	-	1,828,712	1,828,712	-	-
Lease liabilities	11,994	4.83 - 4.92	12,539	7,243	5,296	-
Amount due to a related company	28,241	-	28,241	28,241	-	-
Borrowings	1,260,669	4.57 - 5.40	1,283,435	1,082,603	200,832	-
	3,129,616		3,152,927	2,946,799	206,128	-
<i>Derivative financial liabilities</i>						
Refining margin swap contracts	10,039	-	10,039	10,039	-	-
Forward foreign exchange contracts	1,112	-	1,112	1,112	-	-
Forward priced commodity contracts	5,619	-	5,619	5,619	-	-
	16,770		16,770	16,770	-	-
	3,146,386		3,169,697	2,963,569	206,128	-

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2024						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	1,152,307	-	1,152,307	1,152,307	-	-
Lease liabilities	8,021	4.5 - 5.5	8,428	4,884	3,544	-
Amount due to a related company	4,098	-	4,098	4,098	-	-
Borrowings	1,433,741	4.91 - 6.25	1,482,733	1,090,766	190,309	201,658
	2,598,167		2,647,566	2,252,055	193,853	201,658
<i>Derivative financial liabilities</i>						
Refining margin swap contracts	13,512	-	13,512	10,766	2,746	-
Commodity swap contracts	6,268	-	6,268	6,268	-	-
	19,780		19,780	17,034	2,746	-
	2,617,947		2,667,346	2,269,089	196,599	201,658

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

24.6.1 Currency risk

The Company is exposed to foreign currency risk on sales, bank balances, purchases, borrowings and derivative financial instruments that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The objective of the Company's currency risk management policies is to allow the Company to effectively manage exposures that may arise from operating and financing activities.

The Company may enter into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies. The forward foreign exchange contracts are subject to the same risk management policies as all other derivative contracts. They are accounted for as FVTPL with gains or losses recognised in profit or loss.

Exposure to foreign currency risk

The Company's significant exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period are as follows:

	2025 RM'000	2024 RM'000
Balances recognised in the statement of financial position denominated in USD		
Trade and other receivables	71,201	72,924
Borrowings	(349,212)	(385,089)
Trade and other payables	(1,377,425)	(1,005,554)
Cash and cash equivalents	47,648	16,257
Derivative financial assets/(liabilities)(net)	25,995	(17,579)
	(1,581,793)	(1,319,041)
Notional contract value on forward foreign exchange contracts committed at the end of the reporting period	375,164	-
Total exposure	(1,206,629)	(1,319,041)

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis

The following analysis illustrates the Company's sensitivity to changes in USD to RM exchange rate:

	Profit or loss	
	2025 RM'000	2024 RM'000
USD strengthens by 10%	(91,704)	(100,247)
USD weakens by 10%	91,704	100,247

The analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

24.6.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Risk management objectives, policies and processes for managing the risk

The Company finances its operations through equity and bank borrowings. The Company's interest rate risk arises from borrowings at variable rates and deposits with licensed banks and are managed in compliance with the treasury policy of the Company.

The Company has an approved policy to hedge interest rate risk as part of the Company's risk and opportunity procedures.

Generally, the Company may enter into long-term borrowings at floating rates and swaps them into fixed rates, if the need arises. The Company's borrowings at variable rate are denominated in both USD and MYR.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Company manages its interest rate risks by placing such funds on short tenures of 12 months or less.

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2025 RM'000	2024 RM'000
Floating rate instruments		
Financial assets	4,060	4,477
Financial liabilities	(1,260,669)	(1,433,741)
	(1,256,609)	(1,429,264)

Interest rate risk sensitivity analysis

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	2025 RM'000	2024 RM'000
Floating rate instruments		
100 basis points increase in interest rate	(9,550)	(10,862)
100 basis points decrease in interest rate	9,550	10,862

24.6.3 Commodity price risk and refining margin risk

The Company is exposed to fluctuations in crude oil and petroleum product prices which may affect the value of the Company’s assets, liabilities or expected future cash flows.

The Company has an approved policy to hedge refining margin as part of the Company’s risk and opportunity procedures. Refining margins are hedged based on the Company’s physical exposures to prices of crude oil and its 3 main products namely gasoil, mogas (U95/U97) and jet fuel. Competitive quotes are obtained from counterparties and compared to published prices as a basis for entering into a hedge. The purpose of executing these hedges is to stabilise refining margins exposure towards achieving a sustainable profit over the short and medium term.

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.3 Commodity price risk and refining margin risk (continued)

In addition to hedging its refining margins, the Company also uses commodity swaps and options to manage some of its transaction exposures. These commodity swaps and options are not designated as cash flow hedges and are subject to the same risk management policies as all other derivative contracts. They are accounted for as FVTPL with gains or losses recognised in profit or loss.

The following table shows the effect of market price changes on the fair value of the Company's commodity swaps:

	Profit or loss	
	2025 RM'000	2024 RM'000
10% increase in commodity price	-	(25,396)
10% decrease in commodity price	-	25,396

The following table shows the effect of price changes on the fair value of the Company's refining margin swaps:

	Equity		Profit or loss	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
10% increase in refining margin	(28,606)	(22,962)	8,156	552
10% decrease in refining margin	28,606	22,962	(8,156)	(552)

24.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of non-current borrowings reasonably approximate their fair values because they bear floating interest rates that are based on market rate of borrowings.

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.7 Fair value information (continued)

The tables below analyse other financial instruments at fair value.

2025	Fair value of financial instruments carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets					
Refining margin swap contracts	-	41,653	-	41,653	41,653
Forward foreign currency contracts	-	21	-	21	21
	-	41,674	-	41,674	41,674
Financial liabilities					
Refining margin swap contracts	-	(10,039)	-	(10,039)	(10,039)
Forward foreign currency contracts	-	(1,112)	-	(1,112)	(1,112)
Forward priced commodity contracts	-	(5,619)	-	(5,619)	(5,619)
	-	(16,770)	-	(16,770)	(16,770)
2024					
Financial assets					
Refining margin swap contracts	-	2,201	-	2,201	2,201
Financial liabilities					
Refining margin swap contracts	-	(13,512)	-	(13,512)	(13,512)
Commodity swap contracts	-	(6,268)	-	(6,268)	(6,268)
	-	(19,780)	-	(19,780)	(19,780)

Notes to the Financial Statements

For the year ended 31 December 2025

24. Financial instruments (continued)

24.7 Fair value information (continued)

Level 2 fair value

Derivatives

Refining margin swap contracts, forward foreign exchange contracts, forward priced commodity contracts and commodity swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot and forward rates.

25. Capital management

There was no change in the Company's approach to capital management during the financial year.

For the purpose of the Company's capital management, capital includes share capital and all other equity reserves attributable to the equity holders of the Company.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern;
- to maximise returns for shareholders; and
- to maintain an optimal capital structure which minimises the cost of capital while maintaining sufficient liquidity.

The Company monitors capital on the basis of net gearing ratio. This ratio is calculated as net borrowings divided by total equity. The capital structure of the Company consists of total equity.

	Note	2025 RM'000	2024 RM'000
Total borrowings	13	1,260,669	1,433,741
Less: Cash and cash equivalents in the statement of financial position	11	(905,763)	(679,096)
Total borrowings, net		354,906	754,645
Total equity		1,146,651	1,150,177
Debt-to-equity ratios		31%	66%

The borrowings of the Company are subject to the banks' covenants, which include debt service coverage ratio and net gearing ratio, which the Company has complied with.

Notes to the Financial Statements

For the year ended 31 December 2025

26. Capital commitments

	2025 RM'000	2024 RM'000
Property, plant and equipment		
Approved and contracted for	23,998	27,523

27. Related parties

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 15.

	2025 RM'000	2024 RM'000
A. Related company		
Expenses		
- Central management and administrative charges	12,595	9,194
- Technical advisory charges	23,289	10,798
- Rental of premises	480	539
B. Key management personnel		
<i>Directors</i>		
- Fees and allowances	1,649	1,881
<i>Other key management personnel</i>		
- Salaries, bonus and allowances	6,605	4,723
- Defined contribution plan	222	171
	6,827	4,894

Other key management personnel comprise persons other than Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

Notes to the Financial Statements

For the year ended 31 December 2025

28. Significant event during the year

Renounceable rights issue of new ordinary shares in the Company together with free detachable convertible warrants (“Rights Issue with Warrants”)

On 14 July 2025, the Company announced that it proposed to undertake a renounceable rights issue of up to 300,000,000 new ordinary shares in the Company (“Rights Share”) at an issue price of RM0.78 per Rights Share together with up to 150,000,000 free detachable convertible warrants (“Warrants”) on the basis of one (1) Rights Share for every one (1) existing share held by entitled shareholders and one (1) Warrant for every two (2) Rights Shares subscribed (“Rights Issue with Warrants”), which was approved by the Company’s shareholders at an Extraordinary General Meeting held on 18 September 2025.

The Rights Issue with Warrants was completed following the listing and quotation of 300,000,000 new ordinary shares together with 149,999,984 free detachable convertible warrants on the Main Market of Bursa Malaysia on 30 October 2025. The net proceeds raised amounted to RM232,450,000 after defrayment of incidental expenses of RM1,550,000. Accordingly, share capital increased by RM180,055,000, with a warrants reserve of RM52,395,000 recognised.

29. Subsequent event

Subsequent to the reporting date, the escalating geopolitical tensions in the Middle East since end of February 2026 have caused crude oil supply disruptions from that region and led to significant volatility of the global oil prices. The Company has performed a preliminary assessment of the potential impact of this economic uncertainty on its operations and cash flows. At this juncture, the management is unable to reliably estimate the financial impact on the carrying amount of the Company’s assets and liabilities, as well as the results for the next financial year. The Company will continue to closely monitor the situation, take appropriate and timely actions to minimise the impact.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 98 to 141 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2025 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Wang, YouDe
Director

Peter Ho Kok Wai
Director

Date: 27 March 2026

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Yeo Bee Hwan**, the officer primarily responsible for the financial management of Hengyuan Refining Company Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 141 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the abovenamed Yeo Bee Hwan, MIA CA 13236, at Kuala Lumpur in the Federal Territory 27 March 2026.

Yeo Bee Hwan

Before me:

Independent Auditors' Report

To the members of Hengyuan Refining Company Berhad
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hengyuan Refining Company Berhad, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 98 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the members of Hengyuan Refining Company Berhad
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

Key Audit Matters (continued)

Impairment of refinery assets	
Refer to Note 1(d) Use of estimates and judgements, Note 3 – Property, plant and equipment, Note 4 – Right-of-use assets and Note 5 – Intangible assets to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Company incurred a net loss from operating activities of RM26.7 million during the financial year ended 31 December 2025. As at 31 December 2025, the carrying amount of the Company's property, plant and equipment, right-of-use assets and intangible assets (collectively cash-generating-units ("CGU") or refinery assets) was RM2,000.8 million, net of accumulated impairment losses of RM232.7million. The Company operates in the oil and gas industry which is subject to price volatility due to global supply and demand. An impairment assessment was carried out by the Company on the refinery assets during the year which involved significant judgements and estimates in determining the recoverable amount based on value-in-use (VIU).</p> <p>We have identified this as a key audit matter because of:</p> <ul style="list-style-type: none"> the significance of the assets to the Company's statement of financial position; and the estimation of recoverable amounts involves a significant degree of judgment and uncertainties. Key judgmental aspects include assumptions of refining margins, production volume and the use of an appropriate discount rate. 	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> Evaluated the valuation techniques, key assumptions and data used to estimate the VIU, including whether there is any indicators of possible management bias; Considered the likelihood and sensitivities of significant assumptions by checking to internal and external sources and their impact on the overall impairment test outcome; Corroborated the underlying refining margin projection against market data and historical trend of crude oil and refined products prices; Compared projected production volume against historical production volume; Used our own Corporate Finance specialists to assess the discount rate used in calculating the VIU, which includes benchmarking against comparable companies; Compared the prior period's prospective financial information to the current year's actual results; and Assessed the adequacy of disclosures required by relevant accounting standards, including disclosures about sensitivities and major sources of estimation uncertainty.

Independent Auditors' Report

To the members of Hengyuan Refining Company Berhad
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

Key Audit Matters (continued)

Going concern basis of accounting	
Refer to Note 1(b) Basis of measurement and Note 24.5 - Liquidity risk	
The key audit matter	How the matter was addressed in our audit
<p>The Company incurred a net loss of RM260.2 million during the financial year ended 31 December 2025, and as of that date, the current liabilities of the Company exceeded its current assets by RM666.9 million.</p> <p>In assessing the liquidity position of the Company, the Directors have considered the following:</p> <ul style="list-style-type: none"> the Company will have sufficient cash for the next twelve months from the date of approval of the financial statements to meet their operation requirements as and when they fall due; and the Company will have available credit facilities and continuous support from lenders to meet the Company's operational and financial needs. <p>The assessment of the Company's liquidity risk is inherently uncertain and involve significant judgement and estimates, including the cash flows forecast of the Company.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> Assessed the reasonableness of the Company's cash flows forecast and evaluated the data and key assumptions used in the estimates by comparing to internal and external sources; Agreed the repayment of borrowings included in the Company's cash flow projection to the terms stipulated in the facility agreements; Corroborated funding facilities against facility agreements and correspondences with lenders; Compared the prior period's forecasted financial information to the current year's actual results; Evaluated the calculation of debt covenants of borrowings against the terms in the facility agreements; and Assessed the adequacy of the disclosures in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the members of Hengyuan Refining Company Berhad
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

To the members of Hengyuan Refining Company Berhad
(Registration No. 196001000259 (3926-U))
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
(continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Kuala Lumpur

Date: 27 March 2026

Lam Shuh Siang
Approval Number: 03045/02/2027 J
Chartered Accountant

Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Company's business activities and interest-based financial position.

(a) Total Income and Total Assets

	2025 (RM'000)	2024 (RM'000)
Total Income		
Revenue	13,165,369	17,211,700
Interest/Finance income	6,644	10,186
Other income	180	-
Total	13,172,193	17,221,886
Total Assets	4,303,268	3,775,711

(b) Business Activities

	2025 (RM'000)	2024 (RM'000)
Shariah Non-Compliant Activities		
Interest income	6,644	10,186
Total	6,644	10,186

Disclosure of Financial Data for Shariah Screening

(c) Component of Financial Position

(i) Cash Component

	2025 (RM'000)	2024 (RM'000)
Conventional Account/Instruments		
Bank balances	901,703	674,619
Short-term deposits	4,060	4,477
Total cash and cash equivalents in the statement of financial position	905,763	679,096

(ii) Debt Component

	2025 (RM'000)	2024 (RM'000)
Conventional Borrowing		
Current		
Medium term notes	193,411	367,686
Non-Current		
Medium term notes	173,371	136,288
Revolving credit and loans	893,887	929,767
Total borrowings	1,260,669	1,433,741

Company Properties

As at 31 December 2025

No	Tenure	Address	Land area (square feet)	Description	Age of properties/buildings	Date of last Valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
1	Freehold	1236 - 1238 GRN 62766 - 62768 87 Jln Resthouse Port Dickson	76,973	A club house and training centre	61 years	01.01.1991	984	-	801	1,785
2	Freehold	Lot 3 HS(D) 1310 Jln Pantai Port Dickson	6,284,186	Refinery	62 years	01.01.1991	20,091	369	22,715	43,175
3	Freehold	Lot 138 GRN 51925 Port Dickson	39,115	Oil Spill Response Centre	61 years	01.01.1991	240	-	150	390
4	Freehold	Lot 798 GM 3203 Kg Arab Port Dickson	49,955	Tank Farm	37 years	01.01.1991	128	-	-	128
5	Freehold	Lot 196 GM 3208 Kg Gelam Port Dickson	242,845	Reserved Land	38 years	01.01.1991	628	-	-	628
6	Freehold	Lot 195 GM 3207 Kg Gelam Port Dickson	249,389	Reserved Land	38 years	01.01.1991	634	-	-	634
7	Freehold	PT 1369 HSD 35655 Port Dickson	1,725,885	Reserved Land, Tank Farm	39 years	01.01.1991	5,212	-	-	5,212
8	Freehold	PT 1370 HSD 35656 Port Dickson	378,384	Reserved Land, TA Office	39 years	01.01.1991	1,107	-	125	1,232
9	Freehold	PT 1371 HSD 35657 Port Dickson	132,030	Reserved Land	39 years	01.01.1991	387	-	-	387
10	Freehold	PT 10747 HSD 35658 Port Dickson	205,558	Reserved Land	39 years	03.09.1991	543	-	-	543
11	Freehold	Lot 12284 & 12290, GM 1961 GM 3201 Port Dickson	112,052	Reserved Land, MPP Facilities	30 years	31.08.2000	439	-	-	439
12	Freehold	LOT 596 GRN 244911 Port Dickson	100,826	Tank Farm	30 years	31.08.2000	857	-	-	857
13	Freehold	Lot 5471 - 5494 GM 994 - 1017 Lot 5496 - 5540 GM 1019 - 1063 Port Dickson	188,799	Tank Farm	28 years	31.08.2000	1,150	-	-	1,150
14	Freehold	Lot 950 GM 2721 Port Dickson	104,819	Reserved Land	29 years	31.08.2000	664	-	-	664

Company Properties

As at 31 December 2025

No	Tenure	Address	Land area (square feet)	Description	Age of properties/buildings	Date of last Valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
15	Freehold	Lot 12425 - 12456 GRN 146936 - 146967, Lot 5441 HSD 4418 Lot 12458 - 12486 GRN 146968 - 146996 Port Dickson	212,544	Tank Farm	29 years	31.08.2000	1,111	-	-	1,111
16	Freehold	Lot 834 GRN 70791 Port Dickson	353,110	Reserved Land	30 years	31.08.2000	1,558	-	-	1,558
17	Freehold	Lot 6674 GM 2774 Port Dickson	97,726	For pipeline to jetty	36 years	01.01.1991	534	-	-	534
18	Freehold	Lot 1323 GM 3199 Port Dickson	178,595	For pipeline to jetty	36 years	01.01.1991	828	-	-	828
19	Freehold	Lot 6671 GM 2771 Port Dickson	84,249	For pipeline to jetty	36 years	01.01.1991	425	-	-	425
20	Freehold	Lot 6672 GM 3195, Kg Gelam Port Dickson	59,395	For pipeline to jetty	36 years	01.01.1991	328	-	-	328
21	Freehold	Lot 192 GM 3206 Kg Gelam Port Dickson	148,101	For pipeline to jetty	37 years	01.01.1991	405	-	-	405
22	Freehold	Lot 247 GM 3202 Port Dickson	120,330	For pipeline to jetty	37 years	01.01.1991	303	-	-	303
23	Freehold	Lot 191 GM 3205 Kg Gelam Port Dickson	134,495	For pipeline to jetty	38 years	01.01.1991	566	-	-	566
24	Freehold	Lot 190 GM 3204 Kg Gelam Port Dickson	131,770	For pipeline to jetty	38 years	01.01.1991	527	-	-	527
25	Freehold	Lot 909 GRN 69309 Port Dickson	86,768	For pipeline to jetty	34 years	01.01.1991	394	-	-	394
26	Freehold	Lots 178 - 180 GM 3196 - 3198 Port Dickson	448,673	For pipeline to jetty	34 years	01.01.1991	1,984	-	-	1,984
27	Freehold	Lot 1300 GM 3194, Kg Gelam Port Dickson	58,200	For pipeline to jetty	35 years	01.01.1991	368	-	-	368
28	Freehold	Lot 3948 - 3951 GM 2619 - 2622 Port Dickson	5,042	Refinery Buffer Zone	29 years	30.04.2001	315	-	-	315

Company Properties

As at 31 December 2025

No	Tenure	Address	Land area (square feet)	Description	Age of properties/buildings	Date of last Valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
29	Freehold	Lot 3974 - 3977 GM 2632 - 2635 Port Dickson	5,042	Refinery Buffer Zone	29 years	30.04.2001	315	-	-	315
30	Freehold	Lot 4961 - 4968 GM 475 - 482 Port Dickson	34,789	Refinery Buffer Zone	29 years	30.04.2001	1,158	-	-	1,158
31	Freehold	Lot 5402 - 5407 GM 345 - 350 Port Dickson	21,883	Refinery Buffer Zone	29 years	30.04.2001	821	-	-	821
32	Freehold	Lot 10533 GM 1653, Kg Gelam Port Dickson	2,002	Refinery Buffer Zone	32 years	31.08.2000	18	-	-	18
33	Freehold	Lot 9196 - 9214 GM 1770-1788 & Lot 12105 GM 2959, Kg Gelam Port Dickson	40,322	Refinery Buffer Zone	32 years	31.08.2000	363	-	-	363
34	Freehold	Lot 12104 GM 2859, Kg Gelam Port Dickson	570	Refinery Buffer Zone	32 years	31.08.2000	56	-	-	56
35	Freehold	Lot 1312 - 1314 GM 1600 - 1602 Lot 1317 - 1318 GM 1605 - 1606 Port Dickson	49,729	Reserved Land	61 years	01.01.1991	307	-	-	307
36	Freehold	Lot 764 GRN 65945 Port Dickson	9,009	Reserved Land	62 years	01.01.1991	56	-	-	56
37	Freehold	Lot 12086 GM 3200 Port Dickson	62,614	Reserved Land	18 years	28.03.2008	548	-	-	548
38	Freehold	Lot 9060 GM 2720 Port Dickson	9,149	Reserved Land	62 years	01.01.1991	183	-	-	183
39	Leasehold	PT 9451 HSD 29075, Mukim Port Dickson	2,822,620	Jetty Land	33 years	10.04.2004	1,493	-	155	1,648
							48,028	369	23,946	72,343

Analysis of Holdings

As at 27 March 2026

ORDINARY SHARES

Total number of issued shares : 600,045,000 ordinary shares
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share on a poll
Number of Shareholders : 18,891

DISTRIBUTION OF ORDINARY SHAREHOLDERS

according to statistical summary of the Record of Depositors as at 27 March 2026

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 issued shares	1,044	5.53	6,442	0.00
100 to 1,000 issued shares	4,667	24.70	3,260,627	0.54
1,001 to 10,000 issued shares	9,505	50.31	41,942,129	6.99
10,001 to 100,000 issued shares	3,340	17.68	98,655,406	16.44
100,001 to less than 5% of issued shares	334	1.77	122,156,559	20.36
5% and above of issued shares	1	0.01	334,023,837	55.67
Total	18,891	100	600,045,000	100

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS

according to the Record of Depositors as at 27 March 2026

No.	Name	No. of Shares Held	%
1	RHB Nominees (Tempatan) Sdn Bhd Malaysia Hengyuan International Limited	334,023,837	55.666
2	Foo Khen Ling	17,140,000	2.856
3	Kam Loong Mining Sdn Bhd	6,400,000	1.067
4	Yap Ah Fatt	5,160,000	0.860
5	Tan Kah Hock	3,100,000	0.517
6	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Tian Wee Kong (MUAR-CL)	2,163,600	0.361
7	Eletechnics Sdn Bhd	1,600,000	0.267
8	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	1,436,283	0.239
9	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,421,200	0.237
10	Citigroup Nominees (Asing) Sdn Bhd UBS AG	1,373,701	0.229

Analysis of Holdings

As at 27 March 2026

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS (continued)

No.	Name	No. of Shares Held	%
11	P.G. Lim Sdn. Bhd.	1,308,000	0.218
12	Chong Ching Yee	1,270,000	0.212
13	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Tuan Sia	936,900	0.156
14	Liew See Kim	920,000	0.153
15	Wong Siew Fah	910,000	0.152
16	Teh Wah Keong	900,900	0.150
17	Patrick Chiong Sui Chai	900,000	0.150
18	Reuben Tan Cherh Chung	880,000	0.147
19	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	829,500	0.138
20	Lim Ah Cheng @ Lim Koh Den	800,000	0.133
21	Malaysia Nominees (Tempatan) Sendirian Berhad Lee Foundation, States of Malaya (00-00197-000)	790,000	0.132
22	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)	770,000	0.128
23	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	768,300	0.128
24	Associated M & E Engineering Sdn. Bhd.	740,000	0.123
25	Lim Gaik Bway @ Lim Chiew Ah	730,000	0.122
26	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Sheng Kuang (7004827)	700,000	0.117
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Koh Kai Lung (3010910)	700,000	0.117
28	Shamshuri Bin Abdul Majid	700,000	0.117
29	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	664,103	0.111
30	Khoo Chong Kien	620,000	0.103
	Total	390,656,324	65.105

Analysis of Holdings

As at 27 March 2026

SUBSTANTIAL ORDINARY SHAREHOLDERS according to the Register of Substantial Shareholders as at 27 March 2026

No.	Name	No. of Shares Held			
		Direct Interest	%	Deemed Interest	%
1	RHB Nominees (Tempatan) Sdn Bhd Malaysia Hengyuan International Limited	334,023,837	55.666	-	-

INFORMATION ON DIRECTORS' AND CHIEF EXECUTIVE'S HOLDINGS

Directors		No. of Shares Held			
		Direct Interest	%	Deemed Interest	%
1	Li, Xiaoxia	-	-	-	-
2	Peter Ho Kok Wai	-	-	-	-
3	Surinderdeep Singh Mohindar Singh	-	-	-	-
4	Tai Sook Yee	-	-	-	-
5	Wang, Youde	-	-	-	-
6	Yin, LuJiang (Chief Executive Officer)	-	-	-	-

Analysis of Holdings

As at 27 March 2026

WARRANT HOLDINGS

Total number of warrants unexercised : 149,954,984 warrants
Exercise price per warrant : RM1.00
Expiry Date : 27 October 2030

DISTRIBUTION OF WARRANT HOLDERS

according to statistical summary of the Record of Depositors as at 27 March 2026

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Issued Warrants
Less than 100 issued warrants	138	4.02	6,377	0.00
100 to 1,000 issued warrants	868	25.31	537,785	0.36
1,001 to 10,000 issued warrants	1,543	44.99	6,950,886	4.64
10,001 to 100,000 issued warrants	776	22.62	25,016,358	16.68
100,001 to less than 5% of issued warrants	104	3.03	26,966,161	17.98
5% and above of issued warrants	1	0.03	90,477,417	60.34
Total	3,430	100	149,954,984	100

LIST OF THIRTY LARGEST WARRANT HOLDERS

according to the Record of Depositors as at 27 March 2026

No.	Name	No. of Warrants Held	%
1	RHB Nominees (Tempatan) Sdn Bhd Malaysia Hengyuan International Limited	90,477,417	60.336
2	Chong Ching Yee	2,050,000	1.367
3	Asral Fariz Bin Razali	950,000	0.634
4	Maybank Nominees (Tempatan) Sdn Bhd Cho Kam Choong	950,000	0.634
5	Tan Kah Hock	775,000	0.517
6	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Tian Wee Kong (MUAR-CL)	763,000	0.509
7	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	734,150	0.490
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Yau (E-TSA/MSI)	700,000	0.467
9	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Kim Tye	618,800	0.413
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Sheng Kuang (7004827)	550,000	0.367

Analysis of Holdings

As at 27 March 2026

LIST OF THIRTY LARGEST WARRANT HOLDERS (continued)

No.	Name	No. of Warrants Held	%
11	Soon Kok Seong	500,000	0.333
12	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Markets Core Equity 2 Portfolio of DFA Investment Dimensions Group Inc.	469,900	0.313
13	Arifah Binti Harip	438,500	0.292
14	Nah Chee Young	434,700	0.290
15	Eletechnics Sdn Bhd	400,000	0.267
16	Thian Own Chin	400,000	0.267
17	Low Cheng Kung	385,000	0.257
18	Ooi Poh Keong	382,400	0.255
19	Teo Kim Teck	362,000	0.241
20	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Teh Swee Heng (MM1118)	352,300	0.235
21	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Loy Huat (7000875)	350,050	0.233
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Chin Look (E-TCS)	350,000	0.233
23	P.G. Lim Sdn. Bhd.	327,000	0.218
24	Wong Nyuk Kooi	320,000	0.213
25	Wong Kah Kan	311,100	0.207
26	Ho Sue Wah	301,300	0.201
27	Tan Song Eng	300,000	0.200
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	289,150	0.193
29	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for So Soo Theam (CCTS)	280,000	0.187
30	Toh Ah Moi	273,000	0.182
	Total	105,794,767	70.551

Analysis of Holdings

As at 27 March 2026

INFORMATION ON DIRECTORS' AND CHIEF EXECUTIVE'S WARRANT HOLDINGS

Directors	No. of Warrants Held			
	Direct	%	Indirect	%
1 Li, Xiaoxia	-	-	-	-
2 Peter Ho Kok Wai	-	-	-	-
3 Surinderdeep Singh Mohindar Singh	-	-	-	-
4 Tai Sook Yee	-	-	-	-
5 Wang, Youde	-	-	-	-
6 Yin, LuJiang (Chief Executive Officer)	-	-	-	-

Additional Corporate Governance Disclosures

The following information sets out the attendance of each Director at general meetings, board meetings and board committee meetings of the Company held in the year 2025.

BOARD AND GENERAL MEETINGS

Name of Members	Board Meeting		General Meeting	
	Attendance during the Director's term in office		Attendance during the Director's term in office	
Wang, YouDe	7/7	100%	2/2	100%
Surinderdeep Singh Mohindar Singh	7/7	100%	2/2	100%
Tai Sook Yee	6/7	86%	1/2	50%
Li, XiaoXia	7/7	100%	2/2	100%
Peter Ho Kok Wai	6/6	100%	2/2	100%

Total number of BOD meetings in 2025: 7

Total number of General Meeting: 2

a) Mr Peter Ho Kok Wai was appointed to the Board on 3 March 2025.

BOARD AUDIT COMMITTEE MEETING

Name of Members	Attendance during the Director's term in office	
Peter Ho Kok Wai	4/4	100%
Surinderdeep Singh Mohindar Singh	5/5	100%
Li, XiaoXia	5/5	100%

Total number of BAC Meeting in 2025: 5

a) Mr Peter Ho Kok Wai was appointed to the Board on 3 March 2025

BOARD NOMINATING AND REMUNERATION COMMITTEE MEETING

Name of Members	Attendance during the Director's term in office	
Surinderdeep Singh Mohindar Singh	4/4	100%
Wang, YouDe	4/4	100%
Li, XiaoXia	4/4	100%

Total number of BNRC meetings in 2025: 4

Additional Corporate Governance Disclosures

BOARD RISK MANAGEMENT COMMITTEE MEETING

Name of Members	Attendance during the Director's term in office	
	Number of Meetings	Percentage
Li, XiaoXia	4/4	100%
Tai Sook Yee	4/4	100%
Peter Ho Kok Wai	3/3	100%

Total number of BRMC meetings in 2025: 4

a) Mr Peter Ho Kok Wai was appointed to the Board on 3 March 2025.

DIRECTORS' TRAINING

A summary of the continuing education programmes and training attended by the Directors of HRC for the financial year ended 31 December 2025 are set below:

Period	Training Programmes
1 January 2025 to 31 December 2025	<ol style="list-style-type: none"> 1. HLF Group In-house Directors' training on Moving from the recommendations of the Task Force on Climate-related Financial Disclosures to International Financial Reporting Standards ("IFRS") S1 and IFRS S2 - organised by HLF Group 2. Maybank IBG: "Liberation Day: ASEAN in the Crossfire" - organised by Maybank IBG 3. E-Invoicing and SST - Impact on Independent Directors - organised by FIDE 4. Directors' Training on IFRS S1 and S2 Awareness Training and Implementation - organised by Allianz 5. Board Roundtable & Dialogue session: Governance of AI: Are Boards Ready? - organised by Deloitte 6. SST Revision: Decoding the Business Impact - organised by TraTax 7. Directors' Training on Cybersecurity & Growing Impact of Artificial Intelligence - organised by Allianz 8. Directors' Training - Updates on Personal Data Protection - organised by Allianz 9. 2025 AMLA Training - organised by Hong Leong 10. KPMG Tax and Business Summit 2025 - organised by KPMG 11. Directors' Training - Navigating Climate Risk: How Insurance Companies Prepare for it and the Board's Strategic Role - organised by Allianz 12. HLF Group Anti-Bribery and Corruption ("ABC") 2025 Training for Directors - organised by HLF Group 13. AI agents in FI's Risk Management - organised by HLCB 14. The War on Climate: Unveiling the Uncounted Costs of Conflict - organised by GIFT 15. Boardroom Blindspots: How Our Perceptions of Risk Influence our Boardroom Effectiveness - organised by ICDM 16. Financing for Development in Asia - The Role of the Private Sector - organised by NO.17 Foundation 17. How Central Banks work - organised by iClif

Additional Corporate Governance Disclosures

Utilisation of proceeds raised from a corporate proposal

Renounceable Rights Issue of New Ordinary Shares in the Company together with Free Detachable Warrants (Rights Issue with Warrants)

On 14 July 2025, the Company announced that it proposed to undertake a renounceable rights issue of up to 300,000,000 new ordinary shares in the Company (Rights Share) at an issue price of RM0.78 per rights share together with up to 150,000,000 free detachable warrants (Warrants) on the basis of one (1) Rights Share for every one (1) existing Company Share held and one (1) Warrant for every two (2) Rights Shares subscribed.

The above proposal was approved by shareholders at an Extraordinary General Meeting held on 18 September 2025.

As at 31 December 2025, the status of the utilisation of gross proceeds raised from the Rights Issue with Warrants of RM234.0 million is as follows:

Utilisation of proceeds	Utilisation of proceeds (RM'000) (A)	Amount utilised (RM'000) (B)	Balance of proceeds (RM'000) (A-B)	Timeframe for utilisation*
Proceeds for working capital	232,450	(232,450)	-	Within 12 months
Direct expenses for the corporate exercise	1,550	(1,550)	-	Within 2 months
Total	234,000	(234,000)	-	

* From the date of completion of Rights Issue.

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the Company's External Auditors i.e. KPMG PLT and its affiliates for the services rendered to the Company for the financial year ended 31 December 2025 are RM 363,000 and RM 228,000 respectively.

The summary of the aforesaid audit and non-audit fees for the services rendered to the Company paid and payable to KPMG PLT and its affiliates for the financial year ended 31 December 2025 are as follows:-

Fees paid to external auditors and its affiliates	Company	
	2025 (RM'000)	2024 (RM'000)
Audit fees	363	363
Non-audit fees*	228	193
Total	591	556

* Included in the non-audit services for 2025 is a fee payable of RM170,000 for professional services rendered in connection with a corporate proposal on Rights Issue with Warrants (2024: RM118,000 for Environment, Social, and Governance (ESG) advisory services).

Additional Corporate Governance Disclosures

Remuneration and Salaries

For the financial year ended FY2025, the remuneration details of each Director and the Chief Executive Officer, comprising fees, salaries, bonuses and benefits-in-kind (received or receivable from the Company), are set out below.

	(in RM'000)		
	Directors' fees, and allowances	Benefits in kind	Total
Directors'			
Wang, YouDe	739	4	743
Surinderdeep Singh	276	4	280
Tai Sook Yee	186	4	190
Li, XiaoXia	257	4	261
Peter Ho Kok Wai	172	3	175
Total	1,630	19	1,649

* Mr Peter Ho Kok Wai was appointed to the Board on 3 March 2025.

	(in RM'000)		
	Salaries, bonus and allowances	Benefits in kind	Total
Chief Executive Officer			
Yin, LuJiang	1,399	23	1,422

During the financial year, the total amount of indemnity sum insured, and premium paid for Directors and officer of the Company are RM40,000,000 and RM85,000 respectively.

Disclosure of Recurrent Related Party Transactions

In compliance with paragraph 10.09(2)(b) of the Listing Requirements, the Company had obtained a mandate from its shareholders to enter into recurrent related party transactions of a revenue or trading nature with its related parties at the Annual General Meetings held on 28 May 2024 and 28 May 2025 (RRPT Mandate).

Details of the recurrent related party transactions entered into pursuant to the RRPT Mandate in the financial year ended 31 December 2025 are set out below.

Related Party	Type of Transaction	Value from 1 January 2025 to 28 May 2025 (RM)	Value from 29 May 2025 to 31 December 2025 (RM)	Total of actual transactions for Financial Year Ended 2025 (RM)
Shandong Hengyuan	Sale of petroleum products and crude oil by HRC	-	-	-
Petrochemical Company Limited and its subsidiaries including:	Purchase of petroleum products and crude oil by HRC	-	-	-
(i) Heng Yuan Holdings Limited;	Provision of freight and freight brokerage services in relation to the purchase of crude oil and product components by HRC	-	-	-
(ii) Malaysia Hengyuan International Limited; and	Provision of central management, business support, administrative services and oil and oil products risk management services to HRC	5,516,510	7,078,528	12,595,038
(iii) Hengyuan International Sdn Bhd	Provision of technical advisory and consultancy services and research and development advisory services to HRC	9,220,790	14,068,849	23,289,639
	Sale of materials, equipment, goods and products related to the operation of the refinery, excluding petroleum products and crude oil, by HRC	-	-	-
	Purchase of materials, equipment, goods and products related to the operation of the refinery, excluding petroleum products and crude oil, by HRC	-	-	-
	Rental of premises as corporate office	200,140	280,000	480,140
	Total	14,937,440	21,427,377	36,364,817

Note:

With governance process controls in place for RRPT, overseen by relevant departments in accordance with the established approval matrix and organisational policies.

The Internal Audit Department (IAD) performed an annual review of RRPTs for the financial year ended 31 December 2025. The audit report was approved by the Board Audit Committee (BAC) on 23 February 2026. Based on the review, the overall controls related to RRPT processes were effective. Additionally, it was noted that the RRPT remained within the mandated limit.

Notice of 67th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Seventh Annual General Meeting (67th AGM) of Hengyuan Refining Company Berhad (Company) will be held at **Ballroom, Ground Floor, d'Tempat Country Club, PT 12653, Jalan Pusat Dagangan Sendayan 1, Bandar Sri Sendayan, 71950 Seremban, Negeri Sembilan** on **Friday, 29 May 2026 at 10.00 a.m.** to transact the following businesses:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and Auditors thereon.

[Please refer to Note (a)]

2. To re-elect Mr Wang, YouDe who retire in accordance with Article 81(c) of the Constitution of the Company, and being eligible, have offered himself for re-election.

Ordinary Resolution 1

[Please refer to Note (b)]

3. To re-elect Mr Surinderdeep Singh A/L Mohindar Singh who retire in accordance with Article 81(c) of the Constitution of the Company, and being eligible, have offered himself for re-election.

Ordinary Resolution 2

[Please refer to Note (b)]

4. To consider and if thought fit, to pass the following resolution:

Ordinary Resolution 3

“THAT KPMG PLT be and is hereby re-appointed as auditors of the Company for the financial year ending 31 December 2026 and to hold office until conclusion of the next annual general meeting at a remuneration to be determined by the directors.”

[Please refer to Note (c)]

5. To approve the payment of Non-Executive Directors' fees and benefits of up to RM2,400,000.00 for the period from 1 June 2026 until 31 May 2027.

Ordinary Resolution 4

[Please refer to Note (d)]

Notice of 67th Annual General Meeting

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions:

6. **PROPOSED RENEWAL OF AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 5**

“**THAT** subject to Sections 75 and 76 of the Companies Act 2016 (the Act), Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (New Shares) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being (Proposed 10% General Mandate) **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting (AGM) of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting.”

[Please refer to Note (e)]

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **Ordinary Resolution 6**

“**THAT** subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities (Listing Requirements) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company (Shares) purchased (Purchased Shares) and/or held as treasury shares pursuant to this Ordinary Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

Notice of 67th Annual General Meeting

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next AGM of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM after that date is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient, including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties, to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

[Please refer to Note (f)]

Notice of 67th Annual General Meeting

8. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 7

“**THAT** subject to the Listing Requirements, approval be and is hereby given for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2.2 of the Circular to the Shareholders dated 28 April 2026 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on an arms' length basis and not to the detriment of minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next AGM of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340 of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate.”

[Please refer to Note (g)]

9. To transact any other business of the Company of which due notice shall have been given in accordance with Companies Act 2016 and the Constitution of the Company.

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
28 April 2026

Notice of 67th Annual General Meeting

NOTES:

1. For the purpose of determining a member who shall be entitled to attend, vote and speak at the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a **Record of Depositors** as at **18 May 2026** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend, vote and speak at the Meeting or appoint proxy(ies) to attend, vote and speak in his/her stead.
2. A member who is entitled to participate in this AGM 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 AGM. 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 meeting or adjourned meeting.

Alternatively, the instrument appointing proxy may be 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 Proxy Forms.
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.

Notice of 67th Annual General Meeting

Explanatory Notes:

a. Agenda No 1

This item is meant for discussion only. The provisions of Section 340(1)(a) of the Act require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

b. Ordinary Resolutions No 1 and No 2 - Re-election of Directors

Article 81(c) of the Constitution of the Company provides that one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being, shall retire from office at the conclusion of every annual general meeting, provided always that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. The Board currently consists of five (5) directors. Hence, two (2) Directors shall be subject to retirement by rotation, of which Mr Wang, YouDe and Mr Surinderdeep Singh A/L Mohindar Singh shall retire in accordance with Article 81(c) at the upcoming AGM.

The Board (save for the two retiring Directors) have discussed and considered the following aspects to determine the eligibility of each Director who stand for re-election at the 67th AGM:

- (i) The tenure of the Director and the Company's Directors' Rotation List;
- (ii) The Director's performance, based on results of the Board Effectiveness Assessment for the year 2025 (BEA 2025) which were conducted using peer and self reviews;
- (iii) Fit and Proper assessment on the Director's integrity, expertise, knowledge, experience and core competencies as well as the time commitment;
- (iv) The Director's independence criteria as set out in the Listing Requirements; and
- (v) The Director's level of contribution to the Board, taking into account the key business strategies.

On 24 February 2026, the Board (save for the two retiring Directors) discussed and supported the re-election of the retiring Directors, with the following justifications:

Re-election of Mr Wang, YouDe as a Director of the Company

- (i) He has a relevant mix of experience, skill, knowledge, expertise and core competency that is beneficial to the Company, including industry specific knowledge and oil and gas business strategy, project management, engineering, contracting and procurement, human resource and development, internal control and risk management;
- (ii) He aims to ensure that the Board's workload is appropriately managed and, where suitable, allocated to established Board Committees with specific terms of reference approved by the Board; and
- (iii) As the Board Chairman, he demonstrates and command effective leadership of the Board, oversees effective decision-making process and ensure crucial alternatives are considered.

Re-election of Mr Surinderdeep Singh A/L Mohindar Singh as a Director of the Company

- (i) He has a relevant mix of experience, skill, knowledge, expertise and core competency that is beneficial to the Company, including human resource and development, accounting and finance, internal controls, corporate governance and information technology;
- (ii) He has a good understanding of the duties, obligations and responsibilities as a director and provide useful recommendations in assisting the Board for a better decision making; and
- (iii) As the Chair of the BNRC, he leads BNRC's annual evaluation of the Board composition to ensure that it has the appropriate size, balance and composition of the Board, the required mix of skills, experience and other qualities, the independence of the Independent Directors, Board diversity in terms of gender and age, and consideration of the Fit and Proper assessment, and core competencies which the Directors shall bring to the Board to ensure that they are in line with the Company's requirements.

c. Ordinary Resolution No 3 - Re-appointment of Auditors

Having satisfied with KPMG PLT's performance, the Board has recommends their re-appointment for shareholders' approval at the 67th AGM of the Company and to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.

Notice of 67th Annual General Meeting

d. **Ordinary Resolution No 4 - Payment of Directors' Fees**

This resolution is to facilitate payment of Non-Executive Directors' fees and benefits for the period from 1 June 2026 to 31 May 2027. In the event the Non-Executive Directors' fees and benefits proposed are insufficient (e.g. due to more meetings or enlarged Board Size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Directors' benefits include meeting allowances and other emoluments payable to Directors and in determining the estimated total, the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees and covers the period from 1 June 2026 to 31 May 2027.

e. **Ordinary Resolution No 5 - Authority to allot shares**

The proposed Resolution No 5, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for the purposes of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Act which was approved by the shareholders at the 66th AGM held on 28 May 2025 and will lapse at the conclusion of the 67th AGM to be held on 29 May 2026. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

f. **Ordinary Resolution No 6 - Proposed Share Buy Back**

The proposed Resolution No 6, if passed, will empower the Directors to purchase, on behalf of the Company, up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

For further information, please refer to the Share Buy-Back Statement dated 28 April 2026 accompanying the Company's Annual Report for the financial year ended 31 December 2025.

g. **Ordinary Resolution No 7 - Proposed Renewal of RRPT Mandate and Proposed New RRPT Mandate**

The proposed Ordinary Resolution 7 is to seek renewal of the Shareholders' Mandate to allow the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature and to enable the Company to comply with Paragraph 10.09, Part E of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate will take effect from the date of the passing of the ordinary resolution until the next AGM of the Company unless it is revoked or varied at a general meeting. For further information, please refer to the Circular to Shareholders dated 28 April 2026 accompanying the Company's Annual Report for the financial year ended 31 December 2025.

Statement Accompanying Notice of 67th Annual General Meeting

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

A. Details of the individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is standing for election as a Director (excluding Directors standing for re-election) at the 67th Annual General Meeting (AGM) of the Company.

B. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements

The resolution in relation to the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016, is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last 66th AGM held on 28 May 2025.

As at the date of the Notice of the 67th AGM, no new shares were issued pursuant to the mandate granted to the Directors at the 66th AGM held on 28 May 2025 and which will lapse at the conclusion of the 67th AGM.

The resolution, if passed, would provide flexibility to the Directors to undertake fund-raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors consider it to be in the best interests of the Company. Any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

Acronyms & Abbreviation

AME	Asset Machinery and Equipment
AML	Anti-Money Laundering
ASU	Air Separation Unit
BIPs	Business Improvement Plans
BPR	Business Performance Review
CCU	Crude Column Unit
COB	Carbon Monoxide Boiler
DOE	Department of Environment
DOF	Department of Fisheries
E4M	Euro 4 Mogas
E5G	Euro 5 Gas Oil
EII	Energy Intensity Index
ERCMC	Environmental Regulatory Compliance Monitoring Committee
ERP	Emergency Response Plan
ERP	Enterprise Resource Planning
ETP	Effluent Treatment Plant
FAC	First Aid Cases
FGRU	Flare Gas Recovery Unit
GRI	Global Reporting Initiative
HMU	Hydrogen Manufacturing Unit

IFRS	International Financial Reporting Standards
ISMS	Information Security Management System
KVDT	Klang Valley Distribution Terminal
LCA	Life Cycle Analysis
LNG	Liquefied Natural Gas
LOPC	Loss of Primary Containment
LRCCU	Long Residue Catalytic Cracker Unit
LTI	Lost Time Injury
MTA	Major Turnaround
MTN	Medium-Term Notes
NSRF	National Sustainability Reporting Framework
OSH	Occupational Safety & Health
SHPC	Shandong Hengyuan Petrochemical Company Limited
SIA	Site Internal Assurance
TOR	Terms of Reference
UNSDG	United Nations Sustainable Development Goals
UPDT	Unplanned Downtime

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Hengyuan Refining Company Berhad
Registration No. 196001000259 (3926-U)

Proxy Form

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)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixty-Seventh Annual General Meeting (67th AGM) of Hengyuan Refining Company Berhad (the Company) to be conducted at **Ballroom, Ground Floor, d'Tempat Country Club, PT 12653, Jalan Pusat Dagangan Sendayan 1, Bandar Sri Sendayan, 71950 Seremban, Negeri Sembilan** on **Friday, 29 May 2026** at **10.00 a.m.** and at any adjournment thereof.

Resolutions	Descriptions	For	Against
Ordinary Resolution 1	To re-elect Mr Wang, YouDe as Director of the Company.		
Ordinary Resolution 2	To re-elect Mr Surinderdeep Singh A/L Mohindar Singh as Director of the Company.		
Ordinary Resolution 3	To re-appoint KPMG PLT as auditors of the Company for the financial year ending 31 December 2026.		
Ordinary Resolution 4	To approve payment of Non-Executive Directors' fees and benefits of up to RM2,400,000.00 for the period from 1 June 2026 until 31 May 2027.		
Ordinary Resolution 5	Proposed Renewal of Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 6	Proposed Renewal of Authority for Share Buy-Back.		
Ordinary Resolution 7	Proposed Renewal of existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

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 _____ 2026.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Signature/Common Seal of Shareholder(s)

Contact No _____

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

NOTES:

1. For the purpose of determining a member who shall be entitled to attend, vote and speak at the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a **Record of Depositors** as at **18 May 2026** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend, vote and speak at the Meeting or appoint proxy(ies) to attend, vote and speak in his/her stead.
2. A member who is entitled to participate in this AGM 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 AGM. 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 meeting or adjourned meeting.

Alternatively, the instrument appointing proxy may be 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 Proxy Forms.
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.



www.hrc.com.my



Hengyuan Refining Company Berhad
Registration No. 196001000259 (3926-U)