



**HENGYUAN REFINING COMPANY BERHAD**

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

In accordance with the approval of the Board of Directors of Hengyuan Refining Company Berhad (“the Company”) dated 26 November 2020 the Board hereby announces its unaudited financial results for the third quarter ended 30 September 2020.

The condensed financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements and should be read in conjunction with the Company’s audited financial statements for the year ended 31 December 2019.



**HENGYUAN REFINING COMPANY BERHAD**

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

**Condensed Statement of Comprehensive Income**

	Note	Unaudited Individual 30.09.2020 RM'000	Unaudited quarter ended 30.09.2019 RM'000	Unaudited Cumulative 30.09.2020 RM'000	Unaudited period ended 30.09.2019 RM'000
Revenue	A8	1,588,139	3,225,121	5,351,299	9,491,418
Purchases		(1,294,170)	(3,150,131)	(5,247,588)	(9,097,550)
Gross profit		293,969	74,990	103,711	393,868
Other income		1,495	980	4,917	2,187
Manufacturing expenses		(53,148)	(48,952)	(166,920)	(152,487)
Administrative expenses		(14,483)	(14,129)	(63,489)	(45,146)
Depreciation and amortisation		(29,575)	(38,031)	(89,023)	(113,689)
Other operating gains/(losses)		(41,411)	37,080	258,299	(4,634)
Finance cost		(4,834)	(11,125)	(18,864)	(29,105)
Profit before taxation	A10	152,013	813	28,631	50,994
Taxation	A11	2,899	(12,244)	50,830	(37,577)
Profit/(loss) after taxation		154,912	(11,431)	79,461	13,417
Other comprehensive income/(expense):					
<i>Items that will be reclassified to profit or loss:</i>					
Cash flow hedge-net fair value gain/(loss) on derivatives used for hedging (net of tax)		(137,004)	(121,262)	38,198	(75,315)
Cost of hedging reserve (net of tax)		22,064	17,653	20,103	(4,469)
<i>Items that will not be reclassified to profit or loss:</i>					
Foreign currency translation differences		-	21,748	-	23,994
		(114,940)	(81,861)	58,301	(55,790)
Total comprehensive income/(expense) for the financial period		39,972	(93,292)	137,762	(42,373)
Earnings/(Loss) per share:					
- basic (sen)	A9	51.64	(3.81)	26.49	4.47
- diluted (sen)	A9	N/A	N/A	N/A	N/A

The above Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying supplementary notes to these condensed financial statements.



**HENGYUAN REFINING COMPANY BERHAD**  
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**Condensed Statement of Financial Position**

	Note	Unaudited As at <u>30.09.2020</u> RM'000	Audited As at <u>31.12.2019</u> RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,975,262	1,919,988
Intangible assets		13,196	14,070
Right-of-use assets		25,322	30,843
Derivative financial assets	A18	-	5,087
		<u>2,013,780</u>	<u>1,969,988</u>
<b>CURRENT ASSETS</b>			
Inventories		1,072,354	1,491,087
Trade receivables		658,932	713,863
Other receivables and prepayments		17,069	18,510
Tax recoverable		2,333	2,208
Derivative financial assets	A18	472,304	321,073
Bank balances		242,045	1,135,366
		<u>2,465,037</u>	<u>3,682,107</u>
<b>TOTAL ASSETS</b>		<u>4,478,817</u>	<u>5,652,095</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		300,000	300,000
Retained earnings		1,778,405	1,698,944
Cash flow hedge reserve		213,544	175,346
Cost of hedging reserve		(13,956)	(34,059)
Exchange translation reserve		(128,888)	(128,888)
		<u>2,149,105</u>	<u>2,011,343</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,074,878	1,913,426
Amount due to related companies		12,500	23,749
Lease liabilities		7,629	7,336
Derivative financial liabilities	A18	191,452	136,086
Borrowings	A19	353,927	796,054
		<u>1,640,386</u>	<u>2,876,651</u>
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial liabilities	A18	18,869	13,599
Lease liabilities		17,735	23,421
Borrowings	A19	545,336	585,859
Deferred tax liabilities		107,386	141,222
		<u>689,326</u>	<u>764,101</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,478,817</u>	<u>5,652,095</u>

The above Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying supplementary notes to these condensed financial statements.



**HENGYUAN REFINING COMPANY BERHAD**

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**Condensed Statement of Changes in Equity**

**Unaudited**

At 1 January 2020

Net profit for the financial period

Other comprehensive income/(expense) for the financial period

Total comprehensive income/(expense) for the financial period

At 30 September 2020

	Issued and fully paid ordinary shares		Non-distributable			Distributable	Total RM'000
	Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
At 1 January 2020	300,000	300,000	175,346	(34,059)	(128,888)	1,698,944	2,011,343
Net profit for the financial period	-	-	-	-	-	79,461	79,461
Other comprehensive income/(expense) for the financial period	-	-	38,198	20,103	-	-	58,301
Total comprehensive income/(expense) for the financial period	-	-	38,198	20,103	-	79,461	137,762
At 30 September 2020	<u>300,000</u>	<u>300,000</u>	<u>213,544</u>	<u>(13,956)</u>	<u>(128,888)</u>	<u>1,778,405</u>	<u>2,149,105</u>



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**Condensed Statement of Changes in Equity (continued)**

	Issued and fully paid ordinary shares		Non-distributable			Distributable	Total RM'000
	Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
<b>Unaudited</b>							
At 1 January 2019							
- as previously stated	300,000	300,000	196,512	(32,373)	(107,520)	1,665,040	2,021,659
- effects of transitioning to MFRS 16	-	-	-	-	-	(1,080)	(1,080)
- as restated	300,000	300,000	196,512	(32,373)	(107,520)	1,663,960	2,020,579
Net profit for the financial period	-	-	-	-	-	13,417	13,417
Other comprehensive income/(expense) for the financial period	-	-	(75,315)	(4,469)	23,994	-	(55,790)
Total comprehensive income/(expense) for the financial period	-	-	(75,315)	(4,469)	23,994	13,417	(42,373)
At 30 September 2019	<u>300,000</u>	<u>300,000</u>	<u>121,197</u>	<u>(36,842)</u>	<u>(83,526)</u>	<u>1,677,377</u>	<u>1,978,206</u>

The above Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying supplementary notes to these condensed financial statements.



**HENGYUAN REFINING COMPANY BERHAD**

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**Condensed Statement of Cash Flows**

	Note	Cumulative period ended	
		Unaudited 30.09.2020 RM'000	Unaudited 30.09.2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		28,631	50,994
Adjustments for:			
Depreciation of property, plant and equipment		81,560	95,097
Depreciation of right-of-use assets		5,640	6,251
Amortisation of intangible assets		1,823	12,341
Allowance for doubtful debts		26,199	-
Property, plant and equipment written off		80	1,235
Amortisation of term loan commitment fees		163	120
Interest expense		18,701	28,985
Interest income		(4,917)	(1,621)
Gain on disposal of property, plant and equipment		-	(33)
Gain on modification of lease contracts		-	(533)
Net fair value gain on derivative financial instruments- unrealised		(17,379)	(29,709)
Net foreign exchange loss- unrealised		25,545	17,286
Operating profit before changes in working capital		<u>166,046</u>	<u>180,413</u>
Changes in working capital:			
Inventories		418,733	(89,826)
Trade, other receivables and amount due from related companies		26,919	(438,453)
Trade, other payables and amount due to related companies		(851,587)	681,912
Cash (used in)/generated from operating activities		<u>(239,889)</u>	<u>334,046</u>
Interest received		4,917	1,621
Tax paid		(161)	(1,275)
Net cash flows (used in)/generated from operating activities		<u>(235,133)</u>	<u>334,392</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(122,030)	(494,540)
Purchase of intangible assets		(949)	-
Proceeds from disposal of property, plant and equipment		-	33
Net cash flows used in investing activities		<u>(122,979)</u>	<u>(494,507)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,257,010)	(3,497,449)
Proceeds from borrowings		753,199	3,567,728
Interest paid		(35,771)	(36,173)
Repayment of principal portion of lease liabilities		(6,277)	(6,201)
Restricted cash for term loan facilities		73,141	32,949
Net cash flows (used in)/generated from financing activities		<u>(472,718)</u>	<u>60,854</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(830,830)</b>	<b>(99,261)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>1,036,788</b>	<b>128,033</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		<b>10,650</b>	<b>(14,643)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>A21</b>	<b><u>216,608</u></b>	<b><u>14,129</u></b>

The above Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying supplementary notes to these condensed financial statements.



**HENGYUAN REFINING COMPANY BERHAD**

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**Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting**

**A1 Basis of preparation**

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements. These condensed financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. This report should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2019.

The explanatory notes to this report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2019.

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

The financial information presented herein have been prepared in accordance with the accounting policies used in preparing the audited financial statements for the financial year ended 31 December 2019, and for the following standards and interpretation which became effective on 1 January 2020:

**(a) Amendments to published standards that are effective for financial periods beginning on or after 1 January 2020**

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 – Definition of Material
- IC Interpretation 23 – Uncertainty over Income Tax Treatments

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

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

- Amendments to MFRS 101 – Classification of Liabilities as Current or Non-current (effective on or after 1 January 2022)

The financial impact that may arise from the adoption of the above new standard is being assessed by the Company.



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

**A2 Audit report of preceding annual financial statements**

The audit report of the Company's financial statements for the financial year ended 31 December 2019 was not subjected to any audit qualification.

**A3 Comments about seasonal or cyclical factors**

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

**A4 Significant events and transactions**

Various phases of the Movement Control Order were in place for the most part of the current quarter and cumulative period ended 30 September 2020, resulting in a reduction in the local demand for oil products. Market average price of oil products were also affected by a drop in global demand due to various lockdowns implemented globally, adversely affecting oil margins. The effects of these are discussed in more detail in Note B1 of this report.

**A5 Critical accounting estimates and judgments**

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter and period ended 30 September 2020.

**A6 Debt and equity securities**

There were no issuances of new debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current quarter and period ended 30 September 2020.

**A7 Segmental reporting**

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





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

**A8 Revenue**

	Quarter ended		Cumulative period ended	
	<u>30.09.2020</u>	<u>30.09.2019</u>	<u>30.09.2020</u>	<u>30.09.2019</u>
	RM'000	RM'000	RM'000	RM'000
Sale of oil products				
- Refined	1,587,824	3,224,925	5,350,284	9,489,706
- Crude oil	315	196	1,015	1,712
	<u>1,588,139</u>	<u>3,225,121</u>	<u>5,351,299</u>	<u>9,491,418</u>

**A9 Earnings/(Loss) per share**

	Quarter ended		Cumulative period ended	
	<u>30.09.2020</u>	<u>30.09.2019</u>	<u>30.09.2020</u>	<u>30.09.2019</u>
<b>(a) Basic earnings/(loss) per share</b>				
Net profit/(loss) for the period (RM'000)	154,912	(11,431)	79,461	13,417
Weighted average number of ordinary shares in issue ('000)	300,000	300,000	300,000	300,000
Basic earnings/(loss) per share (sen)	51.64	(3.81)	26.49	4.47
<b>(b) Diluted earnings per share (sen)</b>	N/A	N/A	N/A	N/A



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

**A10 Profit/(loss) before taxation**

	Quarter ended		Cumulative period ended	
	<u>30.09.2020</u> RM'000	<u>30.09.2019</u> RM'000	<u>30.09.2020</u> RM'000	<u>30.09.2019</u> RM'000
<i>The profit before taxation is arrived at after (crediting)/charging:</i>				
Interest income	<b>(1,495)</b>	(447)	<b>(4,917)</b>	(1,621)
Gain on modification of lease contracts	-	(533)	-	(533)
Gain on disposal of property, plant and equipment	-	-	-	(33)
Amortisation of term loan commitment fees	<b>75</b>	38	<b>163</b>	120
Interest expense	<b>4,759</b>	11,087	<b>18,701</b>	28,985
Depreciation of property, plant and equipment	<b>27,076</b>	32,109	<b>81,560</b>	95,097
Depreciation of right-of-use assets	<b>1,878</b>	2,083	<b>5,640</b>	6,251
Amortisation of intangible assets	<b>621</b>	3,839	<b>1,823</b>	12,341
Write-off of property, plant and equipment	-	1,235	<b>80</b>	1,235
Allowance for doubtful debts	-	-	<b>26,199</b>	-
Foreign exchange (gain)/loss-realised	<b>(15,630)</b>	9,393	<b>5,024</b>	17,057
Foreign exchange (gain)/loss- unrealised	<b>(20,846)</b>	10,169	<b>25,545</b>	17,286
Fair value (gain)/loss on derivative financial instruments	<b>(165,507)</b>	(13,056)	<b>(924,175)</b>	(84,921)

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



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

**A11 Taxation**

Details of the Company’s taxation are as follows:

	<b>Quarter ended</b>		<b>Cumulative period ended</b>	
	<u><b>30.09.2020</b></u>	<u><b>30.09.2019</b></u>	<u><b>30.09.2020</b></u>	<u><b>30.09.2019</b></u>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Malaysian Tax</u>				
Current tax	-	235	-	384
Deferred tax	<b>2,899</b>	12,009	<b>50,830</b>	37,193
	<b>2,899</b>	12,244	<b>50,830</b>	37,577

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

	<b>Quarter ended</b>		<b>Cumulative period ended</b>	
	<u><b>30.09.2020</b></u>	<u><b>30.09.2019</b></u>	<u><b>30.09.2020</b></u>	<u><b>30.09.2019</b></u>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Applicable tax rate	<b>24</b>	24	<b>24</b>	24
Tax effects in respect of:				
- Expenses not deductible for tax purpose	<b>14</b>	>100	<b>33</b>	37
- (Income not taxable)/ expenses not deductible due to difference between functional and tax reporting currency	-	>100	<b>(26)</b>	25
- Utilisation of reinvestment allowance previously not recognised	<b>(3)</b>	-	<b>(13)</b>	-
- Utilisation of prior year tax losses previously not recognised	<b>(37)</b>	-	<b>(195)</b>	-
- Overprovision in prior years arising from difference in tax treatment on functional currency change	-	(>100)	-	(12)
	<b>(2)</b>	>100	<b>(177)</b>	74



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

**A12 Dividends**

The Company did not declare any dividend for the current quarter and period ended 30 September 2020.

**A13 Changes in the composition of the Company**

There were no changes in the composition of the Company in the current quarter and period ended 30 September 2020.

**A14 Changes in contingent assets/liabilities**

There were no significant changes in contingent liabilities or assets since the last audited annual financial statements as at 31 December 2019.

**A15 Corporate proposal**

There were no corporate proposals announced and not completed as at 30 September 2020.

**A16 Material litigation**

There were no material litigations involving the Company since 31 December 2019.



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

**A17 Commodity prices and foreign currency exchange exposures**

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

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

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

The Company's financial risk management objectives and policies remain similar to that disclosed in the audited financial statements for the financial year ended 31 December 2019.

Derivatives classified within current assets and current liabilities as at 30 September 2020 will mature within the next twelve months. Derivatives classified within non-current assets and liabilities will mature beyond 12 months.



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

**A18 Fair value disclosures**

(a) Financial instruments carried at amortised cost:

The carrying amounts of financial assets and liabilities of the Company approximated their fair values as at 30 September 2020.

(b) Financial instruments carried at fair value:

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

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



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

**A18 Fair value disclosures (continued)**

(b) Financial instruments carried at fair value (continued):

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

	<b>Contract/ Notional amount USD'000</b>	<b>Assets RM'000</b>	<b>(Liabilities) RM'000</b>
<u>Financial assets/(liabilities)</u>			
<u>Level 2</u>			
<u>30.09.2020</u>			
Forward foreign currency contracts	1,475	4	-
Forward priced commodity contracts	73,734	16,696	-
Commodity swap contracts	493,441	130,524	(116,207)
Refining margin swap contracts	128,219	324,561	(75,172)
Commodity options	332	519	(73)
Interest rate swap contracts	<u>88,750</u>	<u>-</u>	<u>(18,869)</u>
<u>31.12.2019</u>			
Forward foreign currency contracts	79,753	-	(4,227)
Commodity swap contracts	693,377	103,194	(111,498)
Refining margin swap contracts	357,748	217,653	(20,914)
Refining margin and commodity options	365	5,313	(287)
Interest rate swap contracts	<u>115,000</u>	<u>-</u>	<u>(12,759)</u>

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement in the current quarter and financial year ended 31 December 2019. The fair values were obtained from published rates of counterparties.



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

**A19 Borrowings**

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

	<b>As at</b> <b>30.09.2020</b> <b>RM'000</b>	<b>As at</b> <b>31.12.2019</b> <b>RM'000</b>
<u>Secured</u>		
Term loans and revolving credits	<b>899,263</b>	1,381,913
Less: Amount repayable within 12 months	<b>(353,927)</b>	(796,054)
Amount repayable after 12 months	<b>545,336</b>	585,859
Currency profile of borrowings:		
- USD	<b>899,263</b>	1,381,913

Terms and conditions of the term loans and revolving credits are as disclosed in the audited financial statements for the financial year ended 31 December 2019.





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

**A20 Changes in liabilities arising from financing activities**

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

	RM'000	RM'000
As at		
- 1 January 2020	<b>1,381,913</b>	-
- 1 January 2019	-	1,150,632
Proceeds from borrowings	<b>753,199</b>	3,567,728
Repayment of borrowings (includes interest paid)	<b>(1,284,206)</b>	(3,532,225)
Non-cash changes:		
- Interest accrued	<b>24,245</b>	34,660
- Amortisation of term loan commitment fees	<b>163</b>	120
- Unrealised foreign exchange loss	<b>23,949</b>	-
- Foreign exchange difference upon translation to presentation currency	-	15,131
As at		
- 30 September 2020	<b>899,263</b>	-
- 30 September 2019	-	1,236,046

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

	RM'000	RM'000
As at		
- 1 January 2020	<b>30,757</b>	-
- 1 January 2019	-	36,398
Repayment of principal portion of lease liabilities	<b>(6,277)</b>	(6,201)
Non-cash changes:		
- New lease liabilities recognised	<b>119</b>	11,572
- Modification of lease liability	-	(9,409)
- Interest accrued	<b>765</b>	1,170
- Foreign exchange difference upon translation to presentation currency	-	(312)
As at		
- 30 September 2020	<b>25,364</b>	-
- 30 September 2019	-	33,218



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

**A21 Cash and cash equivalents**

	<b>As at 30.09.2020 RM'000</b>	<b>As at 30.09.2019 RM'000</b>
Cash and cash equivalents comprise of:		
Bank balances	<b>242,045</b>	58,516
Less: Restricted cash	<b>(25,437)</b>	(44,387)
	<b>216,608</b>	14,129

Restricted cash comprise of amounts held in a debt service accrual account associated with the term loan facilities.

**A22 Capital commitments**

Capital commitments as at 30 September 2020 are as follows:

	<b>As at 30.09.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
<b>Property, plant and equipment</b>		
Approved and contracted for	<b>221,953</b>	291,181
Approved but not contracted for	<b>101,073</b>	185,052

**A23 Company's performance**

A review of the Company's financial performance in the reporting period is presented in the accompanying Management Commentary in Part B.

**A24 Current year prospects**

A commentary on the Company's current year prospects is presented in the accompanying Management Commentary in Part B.



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

**A25 Related party disclosures**

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

	Quarter ended		Financial period ended	
	<u>30.09.2020</u>	30.09.2019	<u>30.09.2020</u>	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Transactions with immediate holding company				
- Sale of refined products	<u>24,461</u>	21,584	<u>274,791</u>	158,773
- Purchase of refined products	<u>(8,473)</u>	(374)	<u>(55,584)</u>	(8,176)
- Central management and administrative charges	<u>-</u>	(184)	<u>-</u>	(6,586)
- Technical advisory support	<u>-</u>	(1,245)	<u>-</u>	(7,696)
Transactions with an affiliated company				
- Central management and administrative charges	<u>(2,238)</u>	(683)	<u>(3,140)</u>	(1,777)
- Technical advisory support	<u>(6,401)</u>	(2,607)	<u>(13,379)</u>	(4,533)



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**Part B: Additional Information Required by Bursa Malaysia Listing Requirements**

**B1 Financial review for current quarter and financial period**

	Quarter ended				Cumulative period ended			
	<u>30.09.2020</u>	<u>30.09.2019</u>	Variance		<u>30.09.2020</u>	<u>30.09.2019</u>	Variance	
	RM'mil	RM'mil	RM'mil	%	RM'mil	RM'mil	RM'mil	%
Revenue	1,588	3,225	(1,637)	-51	5,351	9,491	(4,140)	-44
Gross profit plus the fair value changes in oil hedges recognised within other gains/(losses)	216	126	90	71	388	420	(32)	-8
Profit/(loss) after taxation	155	(11)	166	>100	79	13	66	>100

Revenues for the current quarter and cumulative period ended 30 September 2020 decreased significantly against the comparative periods as market oil product prices were lower by 35% and 33% respectively. Sales volumes for the current quarter and 9-months ended 30 September 2020 were also lower at 7.7 million barrels and 25.4 million barrels respectively, compared to the 10.7 million barrels and 31.5 million barrels recorded in the comparative periods. These resulted from a drop in local demand for oil products following the implementation of the Movement Control Order by the Malaysian government since mid-March 2020. The Company recorded stockholding gains as it realised sales of inventories that were accumulated during Q2 2020 when crude prices were low. The positive effects of margin and commodity hedges further helped to uplift the gross oil margins, which the Company has put in place as part of its risk management measures.

Depreciation and amortisation costs were comparatively lower, having fully depreciated a portion of its property, plant and equipment and intangible assets at the end of FY2019.

Net forex gain of RM36.5 million (inclusive of fair value gains on the outstanding foreign currency swaps) was recognised in the current quarter as Ringgit Malaysia strengthened from RM4.28 to RM4.15 against the US Dollar.

Tax effects for the current quarter and cumulative period includes the utilization of reinvestment allowance and recognition of deferred tax asset on tax losses previously not recognised.



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

**B2 Financial review for current quarter compared with immediately preceding quarter**

	Quarter ended		Variance	
	<u>30.09.2020</u> RM'mil	<u>30.06.2020</u> RM'mil	RM'mil	%
Revenue	<b>1,588</b>	1,214	<b>374</b>	<b>31</b>
Gross profit plus the fair value changes in oil hedges recognised within other gains/(losses)	<b>216</b>	112	<b>104</b>	<b>93</b>
Profit after taxation	<b>155</b>	49	<b>106</b>	<b>&gt;100</b>

The average market prices of oil products for the current quarter saw some improvement against the margins recorded in the immediately preceding quarter, although they continued to be in the negative region. The positive combination of stockholding gains and support from oil margin swaps for the current period resulted in a comparatively higher gross margin and net profit against the previous quarter.

**B3 Current year prospects**

The prospects of the global oil market largely depend on the recovery of global economies as lockdowns have been renewed across many countries globally. The Organisation of Petroleum Exporting Countries has anticipated world oil demand to fall by 9.46 million barrels per day for FY2020. While the challenges around the oil industry remain unabated, the Company will continue to focus on operational efficiency, safety performance, product quality, hydrocarbon hedging and financial risk management in optimising the Company's performance.



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

**B4 Status of Project Euro 4M Mogas**

Due to the Covid-19 outbreak and consequent international lockdowns, the Euro 4M Mogas project is expected to be completed in the third quarter of 2021. The delay is not expected to have any significant adverse effects to the Company's operations and its ability to supply to the market.

The Malaysian government mandated the switch to Euro 4M standard for Mogas effective 1 January 2020. The Company has been able to produce some volumes of Euro 4M Mogas based on the plant's existing configuration in fulfilling its supply obligations to customers. Should additional volumes be required by our customers, the Company may choose to meet these orders with internally produced volumes or by purchasing additional volumes from the open market, depending on the commercial viability at the time.

**B5 Profit forecast**

The Company does not issue any profit forecasts.

**BY ORDER OF THE BOARD**

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

Kuala Lumpur  
26 November 2020