



Corporate and Business Update

Kuala Lumpur, 4 October 2022 – 5.00pm

Highlights

- Appointment of Emeliana Dallan Rice-Oxley as Independent, Non-Executive Director to Hibiscus Petroleum Berhad's ("**Hibiscus Petroleum**" or the "**Company**") Board of Directors.
- The Hibiscus Petroleum Group (the "**Group**") has proposed a final single-tier dividend of 1.0 sen per ordinary share on 4 October 2022 for the financial year ended 30 June 2022 ("**FY2022**").
- Proposed Share Buy-Back of up to 10% of the Company's issued shares enabling the Company to purchase its shares to capitalise on any undervaluation.
- Updates on tax related matters that resulted in a net gain of RM39.8 million being adjusted to the Group's Profit After Taxation ("**PAT**") for FY2022.

Appointment of Independent Director

On 4 October 2022, Hibiscus Petroleum announced the appointment of Emeliana Dallan Rice-Oxley as an Independent, Non-Executive Director to its Board of Directors with effect on 5 October 2022.

Emeliana, a Malaysian aged 59, has over 30 years' experience in the oil and gas industry. She was previously the Vice President of Exploration, Upstream at PETRONAS. She has led PETRONAS' international exploration growth strategy with key entries into selective, prolific basins in the Americas and West Africa. She also led PETRONAS' strategy to accelerate monetisation of the gas-rich resources in East Malaysia.

Emeliana is currently an Advisory Board member of Heriot-Watt University Malaysia's Business Advisory Board and an Advisory Board member for the Women's Global Leadership Conference, Houston.

Her efforts have been recognised internationally; she won the 2019 Asia Pacific Female Executive of The Year Award at the Asia Pacific Energy Assembly and was included on the 2020 Global Influencers 275 List by the Women's Energy Council. She also received the Distinguished Achievements Award at the Offshore Technology Conference Asia 2022.

She graduated with a B.Sc in Geology from the University of South Carolina, and holds a Professional Certification in Decision Quality and Risk Management from Stanford University, Stanford, California. She also attended Harvard Business School's Advanced Management Programme.

We are confident that her contributions to the Group will be extremely valuable and we look forward to working with her towards fulfilling our vision of being a Respected, Valuable and Responsible Energy Company.

Dividend

Our growing financial performance has allowed the Group to once again reward its loyal shareholders. On 4 October 2022, the Group announced that the Board of Directors has resolved to recommend a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2022, for the approval of shareholders at the forthcoming Annual General Meeting of the Company.

The dates of entitlement and payment in respect of the proposed final single-tier dividend will be determined and announced in due course. The Group had, on 25 May 2022, declared an interim dividend of 1.0 sen per ordinary share which was paid on 22 July 2022.

Proposed Share Buy-Back

The Company is proposing to purchase its own shares of up to 10% of the total number of issued shares of the Company (“**Proposed Share Buy-Back**”). The Proposed Share Buy-Back will enable the Company to acquire its shares to capitalise on any undervaluation, including inter-alia, the realisation of potential capital gains if it later resells at higher prices.

The Proposed Share Buy-Back is subject to shareholders’ approval at a forthcoming Extraordinary General Meeting.

Please refer to the announcement dated 4 October 2022 for further details on the Proposed Share Buy-Back.

Updates on Tax Related Matters

The Group announced its unaudited quarterly financial report for the financial quarter ended 30 June 2022 on 24 August 2022 (“**4Q QR**”). Recent developments on two tax related matters subsequent to 24 August 2022 were material and hence have necessitated the PAT of the Group to be updated in the Group’s audited financial statements for FY2022 (“**FY2022 AFS**”), which was approved and released today, 4 October 2022.

The net impact to the Group’s FY2022 PAT that resulted from these events is an increase of RM39.8 million, from RM613.1 million PAT in the 4Q QR to RM652.9 million PAT in the FY2022 AFS.

Summary of the updates made to the FY2022 PAT is below:

PAT as reported in the 4Q QR	Less: State sales tax imposed by the Sabah State Government	Add: Tax settlement with the Inland Revenue Board of Malaysia on tax disputes with the PM3 CAA PSC	PAT as reported in the FY2022 AFS
RM613.1 million	(RM85.7 million)	RM125.5 million	RM652.9 million

State sales tax imposed by the Sabah State Government

As was announced by the Group previously, the Sabah State Government imposed state sales tax (“**SbST**”) on petroleum products sold by SEA Hibiscus Sdn Bhd (“**SEA Hibiscus**”) and Hibiscus Oil & Gas Malaysia Limited (“**Hibiscus Oil & Gas**”) (previously known as Repsol Oil & Gas Malaysia Limited) under the North Sabah PSC and the 2012 Kinabalu Oil PSC (“**Kinabalu PSC**”) respectively. On the basis of advice from their external legal advisors, SEA Hibiscus and Hibiscus Oil & Gas had taken issue with the SbST imposition. That notwithstanding, in order to create a stable environment for continuing investment and smooth operations in Sabah, SEA Hibiscus and Hibiscus Oil & Gas on 21 September 2022 proposed, without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues for the sale of crude oil under the North Sabah PSC and the Kinabalu PSC respectively (“**SbST Proposal**”). Consequently, the Group has made the appropriate accruals for all liabilities related to this matter in FY2022 amounting to RM85.7 million. The Sabah State Government accepted the SbST Proposal on 27 September 2022.

Tax settlement with the Inland Revenue Board of Malaysia on tax disputes with the PM3 CAA PSC

The Group, via indirect wholly-owned subsidiaries, Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) Limited, has a 35% participating interest in the PM3 CAA PSC (“**PM3 CAA**”). This participating interest was acquired as part of the acquisition of the entire equity interest in FIPC from Repsol Exploración, S.A. (“**Repsol**”) on 24 January 2022 (“**Completion Date**”).

PM3 CAA is a “chargeable person” under the Petroleum (Income Tax) Act 1967 (“**PITA**”). Prior to Completion Date, the Inland Revenue Board of Malaysia (“**IRB**”) had raised assessments for year of assessment (“**YA**”) 2014, YA 2015 and YA 2016 under PITA against PM3 CAA for additional taxes and penalties. PM3 CAA had disputed these assessments and instituted a Judicial Review action against the IRB, the legal proceedings of which are now being heard at the Court of Appeal. In September 2022, PM3 CAA and the IRB reached an amicable settlement on this matter which resulted in the issuance of revised/reduced assessments by the IRB on 27 September 2022 (“**Settlement**”).

Following this latest development, the provisions for the additional taxes and penalties made by Repsol prior to Completion Date were updated and the resulting gain recorded by the Group upon the reversal of the earlier provisions to the Group’s Profit or Loss Statement for FY2022 amounted to RM125.5 million. A Consent Order recording the Settlement is expected to be presented to the Court of Appeal at its scheduled next hearing date of 5 October 2022.

By Order of the Board of Directors

Hibiscus Petroleum Berhad

4 October 2022