

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ALLOTMENT AND ISSUANCE OF 10,000,000 NEW CONVERTIBLE REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH ("CRPS") IN HIBISCUS PETROLEUM BERHAD AT AN ISSUE PRICE OF RM1.00 PER CRPS UNDER THE PRIVATE PLACEMENT OF CRPS TO SRI INDERAJAYA (FAR EAST) SDN BHD

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



Hong Leong Investment Bank Berhad (10209-W)
(Formerly known as MIMB Investment Bank Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Notice of our Extraordinary General Meeting ("EGM"), which has been scheduled to be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 August 2013 at 3.00 p.m., or immediately following the conclusion or adjournment (as the case may be) of the 3rd Annual General Meeting of the Company which will be held at the same venue and on the same day at 2.30 p.m., whichever is later, together with the Form of Proxy, is enclosed herein.

You are entitled to attend and vote at our EGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our share registrar's office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, no later than 48 hours before the time fixed for our EGM or any adjournment thereof. The last day and time for you to lodge the Form of Proxy is on Sunday, 18 August 2013 at 3.00 p.m.. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

This Circular is dated 29 July 2013

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Act” : Companies Act, 1965, as amended from time to time and any re-enactment thereof
- “AUD” : Australian Dollar
- “Board” : Board of Directors of Hibiscus Petroleum
- “Bursa Securities” : Bursa Malaysia Securities Berhad
- “Business Day” : A day except Saturdays, Sundays and public holidays, on which banks in Kuala Lumpur are open for business
- “Circular” : This circular to shareholders of Hibiscus Petroleum dated 29 July 2013 in relation to the Proposed Allotment
- “Conversion Price” : The conversion price of all CRPS under the Private Placement of CRPS has been or will be fixed at a premium of up to 10% over the 5-day VWAMP of Hibiscus Petroleum Shares immediately prior to the price-fixing date (which is the date of the subscription agreement for each relevant tranche of CRPS) or RM1.60, whichever is higher
- The Conversion Price is subject to any applicable adjustments as set out in the subscription agreement(s) entered into or to be entered into between the Company and the relevant placees
- “Conversion Shares” : New Hibiscus Petroleum Shares to be issued upon the conversion of the CRPS, such Conversion Shares to rank *pari passu* in all respects with all other then existing Hibiscus Petroleum Shares (except for any dividends, rights, allotment and/or distributions, the entitlement date of which is on or prior to the date of issue of the Conversion Shares)
- “CRPS” : Convertible redeemable preference shares of RM0.01 each in the capital of Hibiscus Petroleum issued/to be issued by the Company pursuant to the CRPS Subscription Agreements
- “CRPS Custodian” : Pacific Trustees Berhad, the trust company appointed by the Company to administer the subscription monies pursuant to the CRPS Subscription Agreement
- “CRPS Holder(s)” : A person(s) for the time being duly registered as a holder(s) of the issued and subsisting CRPS in the statutory records of the Company
- “CRPS Subscription Agreements” : Collectively, all subscription agreements entered into or to be entered into between Hibiscus Petroleum and the relevant placees in relation to the Private Placement of CRPS, including the subscription agreements entered into with the placees on 2 August 2012, 3 August 2012, 11 January 2013 and 17 January 2013
- “Cut-Off Date” : The Business Day falling one (1) month prior to the Maturity Date
- “EGM” : Extraordinary general meeting
- “EPS” : Earnings per share
- “First Tranche Issue Date” : 1 November 2012, being the date on which the first tranche of the CRPS was issued by the Company
- “Group” : Hibiscus Petroleum, its subsidiaries and jointly controlled-entities, collectively

DEFINITIONS (Cont'd)

“HLIB” or “Adviser” or “Placement Agent”	: Hong Leong Investment Bank Berhad (<i>formerly known as MIMB Investment Bank Berhad</i>)
“Hibiscus Petroleum” or “Company”	: Hibiscus Petroleum Berhad
“Hibiscus Petroleum Share(s)” or “Share(s)”	: Ordinary share(s) of RM0.01 each in Hibiscus Petroleum
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“Lime”	: Lime Petroleum Plc, a jointly-controlled entity in which Hibiscus Petroleum has a 35% equity interest. Lime Petroleum Plc is incorporated in the Isle of Man
“LPD”	: 16 July 2013, being the latest practicable date prior to the printing of this Circular
“Maturity Date”	: 30 April 2014, being the date falling eighteen (18) months after the First Tranche Issue Date, on which all CRPS (unless earlier redeemed or converted) shall be converted into Hibiscus Petroleum Shares at the Conversion Price
“NA”	: Net assets
“Permitted Utilisation”	: The proceeds raised may be applied or utilised in relation to acquisitions and/or investments in development and/or production assets (whether directly or indirectly, through entities holding such assets or otherwise) which may include potential exploration upside, and associated transaction and other costs. The qualifying parameters of such assets were set out in Section 4 of the Circular dated 4 September 2012
“Proposed Allotment”	: Proposed allotment and issuance of 10,000,000 new CRPS at an issue price of RM1.00 each to Sri Inderajaya (Far East) under the Private Placement of CRPS
“Private Placement of CRPS”	: Issuance of up to 210,000,000 new CRPS in Hibiscus Petroleum at an issue price of RM1.00 per CRPS through a private placement exercise
“RCPS”	: Redeemable convertible non-cumulative preference shares of RM0.01 each in Hibiscus Petroleum
“Record of Depositors”	: Record of depositors as provided by Bursa Malaysia Depository Sdn Bhd to the Company
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Sri Inderajaya”	: Sri Inderajaya Holdings Sdn Bhd
“Sri Inderajaya (Far East)”	: Sri Inderajaya (Far East) Sdn Bhd
“Subscription Price”	: The price of RM1.00 each payable for each CRPS
“USD”	: United States Dollar
“VWAMP”	: Volume-weighted average market price

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

All references to the time of day in this Circular are references to Malaysian time.

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HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

29 July 2013

Board of Directors:

Zainul Rahim bin Mohd Zain	<i>(Non-Independent Non-Executive Chairman)</i>
Dr Kenneth Gerard Pereira	<i>(Managing Director)</i>
Dr Rabi Narayan Bastia	<i>(Non-Independent Non-Executive Director)</i>
Zainol Izzet bin Mohamed Ishak	<i>(Senior Independent Non-Executive Director)</i>
Datin Sunita Mei-Lin Rajakumar	<i>(Independent Non-Executive Director)</i>
Roushan A/L Arumugam	<i>(Independent Non-Executive Director)</i>
Tay Chin Kwang	<i>(Independent Non-Executive Director)</i>
Joginder Singh A/L Bhag Singh	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Hibiscus Petroleum

Dear Sir/Madam,

PROPOSED ALLOTMENT

1. INTRODUCTION

On 26 September 2012, our shareholders approved the Private Placement of CRPS.

On 11 January 2013, HLIB, on behalf of our Board, announced that our Company had entered into a conditional subscription agreement with Sri Inderajaya (Far East) for the subscription of 10,000,000 CRPS at the Subscription Price under the Private Placement of CRPS.

Sri Inderajaya (Far East) is an entity connected to Roushan A/L Arumugam, a director of Hibiscus Petroleum. Pursuant to paragraph 6.06 (1)(b) of the Listing Requirements, a listed issuer must ensure that it does not issue shares or other convertible securities to a person connected with an interested director, interested major shareholder or interested chief executive unless shareholders in general meeting have approved the specific allotment to be made to such persons. Accordingly, the Proposed Allotment is subject to your approval.

The purpose of this Circular is to provide you with relevant information on the Proposed Allotment, set out our Board's recommendation and seek your approval for the resolution pertaining to the Proposed Allotment to be tabled at our forthcoming EGM. The notice of EGM, together with the Form of Proxy, is enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ALLOTMENT TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ALLOTMENT

2.1 Private Placement of CRPS

The Private Placement of CRPS entails the issuance of up to 210,000,000 CRPS. As at the LPD, Hibiscus Petroleum had placed out a total of 79,480,000 CRPS representing 37.8% of the available CRPS under the Private Placement of CRPS.

The maturity date of all CRPS is on 30 April 2014, being 18 months from First Tranche Issue Date.

On 21 February 2013, HLIB announced on behalf of Hibiscus Petroleum that Bursa Securities had, vide its letter dated 20 February 2013, approved an extension of time until 31 August 2013 for our Company to complete the Private Placement of CRPS. On 18 July 2013, HLIB announced on behalf of Hibiscus Petroleum that Bursa Securities had, vide its letter dated 17 July 2013, approved a further extension of time until 30 November 2013 for our Company to complete the Private Placement of CRPS.

The salient terms of all subscription agreements entered into or to be entered into between Hibiscus Petroleum and the placees in relation to the Private Placement of CRPS, as well as the salient terms of the CRPS were set out in our Company's Circular to Shareholders dated 4 September 2012. For information purposes, these terms are reproduced in Appendices I and II of this Circular respectively.

In order to facilitate the Proposed Allotment, Hibiscus Petroleum and Sri Inderajaya (Far East), had via a letter dated 19 June 2013, agreed to extend the timeframe for the fulfilment of the conditions precedent stated in the conditional subscription agreement dated 11 January 2013 entered into between Hibiscus Petroleum and Sri Inderajaya (Far East) to 31 August 2013 or such later date as the parties may mutually agree.

2.2 Basis of determining the issue price and conversion price of the CRPS

All CRPS under the Private Placement of CRPS will be issued at an issue price of RM1.00 each. The Subscription Price is fixed at a premium of RM0.99 above the par value of RM0.01 per CRPS.

The conversion price of all CRPS under the Private Placement of CRPS is fixed at a premium of up to 10% over the 5-day VWAMP of Hibiscus Petroleum Shares immediately before the price-fixing date (which is the date of the subscription agreement for each relevant tranche of CRPS) or RM1.60, whichever is higher.

On 11 January 2013, Hibiscus Petroleum fixed the conversion price of the CRPS at RM1.65 for the Proposed Allotment, upon entering into the subscription agreement with Sri Inderajaya (Far East). The conversion price represents a premium of 7.5% over the 5-day VWAMP of Hibiscus Petroleum Shares up to 10 January 2013 of RM1.54.

The percentage of premium over the 5-day VWAMP of Hibiscus Petroleum Shares is based on the amount of CRPS subscribed by the placee and on a reducing scale basis, whereby a lower premium is accorded for a higher amount of CRPS subscribed, as follows:

	Premium over the 5-day VWAMP				
	0%	2.5%	5.0%	7.5%	10.0%
Amount of CRPS subscribed (RM' million)	≥60	45 to <60	30 to <45	15 to <30	<15

On 2 August 2012, Sri Inderajaya, a related corporation which has common shareholders and directors as Sri Inderajaya (Far East), entered into a subscription agreement with Hibiscus Petroleum for the subscription of 5,000,000 new CRPS. In total, the aggregated subscription by Sri Inderajaya and Sri Inderajaya (Far East) is 15,000,000 CRPS. As such, Sri Inderajaya (Far East) is entitled to a conversion price at 7.5% premium over the 5-day VWAMP of Hibiscus Petroleum Shares.

2.3 Listing of the CRPS and new Hibiscus Petroleum Shares to be issued arising from the conversion of the CRPS

The CRPS will not be listed on the Main Market of Bursa Securities.

Approval-in-principle for the listing of and quotation for up to 131,250,000 new Hibiscus Petroleum Shares to be issued upon the conversion of the CRPS had been obtained from Bursa Securities on 30 August 2012.

2.4 Proceeds to be raised and utilisation

On the assumption that the entire 210,000,000 CRPS under the Private Placement of CRPS are fully placed out and subscribed by investors, the Private Placement of CRPS is expected to raise total gross proceeds of up to RM210 million, of which approximately RM168 million will be utilised for future synergistic acquisitions and the remaining proceeds of approximately RM42 million are allocated for working capital purposes.

As at the LPD, our Company had placed out 79,480,000 CRPS under the Private Placement of CRPS. The proceeds of RM79,480,000 raised therefrom have been utilised as follows:

Description	RM'000
Subscription of 30,963,000 new fully paid ordinary shares representing approximately 13.04% of the enlarged total issued share capital of 3D Oil Limited ⁽¹⁾	6,545
Partial payment of farm-in investment ^{(1), (2)}	72,935
	79,480

Notes:

(1) Completed on 8 January 2013.

(2) Farm-in investment refers collectively to the purchase consideration of approximately AUD13.5 million and a contribution of approximately AUD13.5 million, payable by Camarvon Hibiscus Pty Ltd ("CHPL") towards the joint operating activities of the VIC/P57 permit (an exploration permit which entitles the holder exclusive rights relating to petroleum exploration within a specified geographical area in the Gippsland Basin of Australia), in respect of the acquisition of a 50.1% unencumbered legal and beneficial right and interest in VIC/P57 and any petroleum recovered from the permit area, together with all property, data and information relating to VIC/P57. The amount of AUD27.0 million stated herein comprises AUD20.25 million or RM64.4 million (being the Tranche 1 investment and the Tranche 2 investment paid by CHPL in accordance with the terms of the farm-in agreement) and the balance of AUD6.75 million or RM19.61 million (being the Tranche 3 investment) which was paid on 16 July 2013. As at the LPD, AUD4.7 million of the Tranche 1 investment has been utilised mainly for conceptual studies and Front End Engineering Design of West Seahorse field development within the VIC/P57 and a deposit for an acquisition of a drilling rig which is planned to be used as a production platform for the West Seahorse field. The farm-in agreement was entered into between 3D Oil Limited, CHPL and our Company on 14 August 2012. CHPL is a wholly-owned subsidiary of Oceania Hibiscus Sdn Bhd, which in turn is a wholly-owned subsidiary of Hibiscus Petroleum.

Our Company has been actively engaging with our placement agents and potential investors with a view to ensuring a successful placement of the remaining CRPS. In order to provide an adequate timeframe for applications from potential interested parties, an application for an extension of time of an additional 3 months to 30 November 2013 to complete the Private Placement of CRPS has been submitted to Bursa Securities for their approval. The approval from Bursa Securities was obtained via its letter dated 17 July 2013.

Notwithstanding these efforts, there is no assurance that our Company will be able to fully place out the CRPS under the Private Placement of CRPS. In the event that the Private Placement of CRPS is not fully implemented, our Company may not have sufficient funds to pursue investment opportunities or our investment spending may be constrained by available funds. Our Company may consider other suitable financing options at the relevant time when an attractive investment opportunity presents itself.

Further details of the utilisation of proceeds and outlook of the oil and gas industry and prospects of our Company were set out in our Company's Circular to Shareholders dated 4 September 2012.

2.5 Rationale

The Proposed Allotment is in accordance with the terms of the Private Placement of CRPS that was approved by our shareholders at the EGM on 26 September 2012. It reflects Sri Inderajaya (Far East)'s support for our Company as well as its trust and confidence in our Group and its prospects. Further, it would help to enhance the success of the Private Placement of CRPS.

3. BACKGROUND INFORMATION OF SRI INDERAJAYA (FAR EAST)

Sri Inderajaya (Far East) was incorporated in Malaysia on 28 December 1989 as a private limited company. As at the LPD, Sri Inderajaya (Far East) has an authorised share capital of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 4,642,092 ordinary shares of RM1.00 each have been issued and fully paid-up. The principal activities of Sri Inderajaya (Far East) are investment holding and the provision of real property management services.

As at the LPD, the substantial shareholder and directors of Sri Inderajaya (Far East) and their direct and indirect shareholdings in Sri Inderajaya (Far East) are as follows:

Substantial Shareholder	Nationality	<----Direct---->		<----Indirect---->	
		No of shares held	%	No of shares held	%
Tan Sri Dato' Seri Arumugam A/L A Packiri	Malaysian	4,642,046	99.999	-	-

Directors	Nationality	<----Direct---->		<----Indirect---->	
		No of shares held	%	No of shares held	%
Tan Sri Dato' Seri Arumugam A/L A Packiri	Malaysian	4,642,046	99.999	-	-
Puan Sri Datin Seri Letchimy @ Suguna Devi A/P RJ Naidu	Malaysian	46	0.001	-	-
Roushan A/L Arumugam	Malaysian	-	-	-	-
Meera Qurratulayn A/P Arumugam	Malaysian	-	-	-	-
Ang Kee Sim (<i>alternate director to Tan Sri Dato' Seri Arumugam A/L A Packiri</i>)	Malaysian	-	-	-	-

Directors	Nationality	<-----Direct----->		<-----Indirect----->	
		No of shares held	%	No of shares held	%
Usha Qurratulayn A/P Arumugam (alternate director to Puan Sri Datin Seri Letchimy @ Suguna Devi A/P RJ Naidu)	Malaysian	-	-	-	-
Cheong Oi Ling (alternate director to Roushan A/L Arumugam)	Malaysian	-	-	-	-

4. EFFECTS OF THE PROPOSED ALLOTMENT

The CRPS to be issued pursuant to the Proposed Allotment represents approximately 4.8% of the entire CRPS under the Private Placement of CRPS. The proforma effects of the Private Placement of CRPS on the issued share capital, substantial shareholdings, EPS, NA per share and gearing of our Company had been set out in our Company's Circular to Shareholders dated 4 September 2012.

For illustrative purposes, the effects of the Proposed Allotment shall be based on the following 2 scenarios and assuming that none of the outstanding warrants and CRPS is exercised and converted:

Scenario 1 : Assuming full redemption of the CRPS under the Proposed Allotment prior to the Maturity Date

Scenario 2 : Assuming full conversion of the CRPS under the Proposed Allotment on the Maturity Date

4.1 Share capital

The proforma effects of the Proposed Allotment on the issued and paid-up share capital of our Company as at the LPD are shown below:

Scenario 1

	No. of Shares	Issued and paid-up capital				RM
		RM	No. of RCPS ⁽²⁾	RM	No. of CRPS ⁽³⁾	
Issued and paid-up capital as at the LPD	450,645,145	4,506,451	2,193,880	21,939	69,480,000	694,800
Upon issuance and allotment of CRPS under the Proposed Allotment	-	-	-	-	10,000,000	100,000
Assuming full redemption of CRPS under the Proposed Allotment ⁽¹⁾	62,500	625	-	-	(10,000,000)	(100,000)
Enlarged share capital	450,707,645	4,507,076	2,193,880	21,939	69,480,000	694,800

Scenario 2

	No. of Shares	Issued and paid-up capital				No of CRPS ⁽³⁾	RM
		RM	No. of RCPS ⁽²⁾	RM			
Issued and paid-up capital as at the LPD	450,645,145	4,506,451	2,193,880	21,939	69,480,000	694,800	
Upon issuance and allotment of CRPS under the Proposed Allotment	-	-	-	-	10,000,000	100,000	
Assuming full conversion of CRPS under the Proposed Allotment ⁽⁴⁾	6,060,606	60,606	-	-	(10,000,000)	(100,000)	
Enlarged share capital	456,705,751	4,567,057	2,193,880	21,939	69,480,000	694,800	

Notes:

- (1) As at the LPD, none of the CRPS has been redeemed. Pursuant to Section 61(3) of the Act, redeemable preference shares shall not be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issuance of shares made for the purposes of the redemption, and unless they are fully paid up. For illustrative purposes, the par value of the CRPS issued pursuant to the Proposed Allotment is assumed to be redeemed from the proceeds of new issue of 62,500 Hibiscus Petroleum Shares at an assumed issue price of RM1.60 per Share.
- (2) As at the LPD, there are 2,193,880 RCPS issued and subsisting. These RCPS were issued on 13 December 2010 as part of the listing scheme in conjunction with the listing of our Company on the Main Market of Bursa Securities. The RCPS are classified as current liabilities in the latest audited financial statements of Hibiscus Petroleum pursuant to the Financial Reporting Standards, as the RCPS are redeemable at the option of the RCPS holder. The remaining RCPS are not convertible into Hibiscus Petroleum Shares.
- (3) As at LPD, there are 69,480,000 CRPS issued and subsisting. A total of 79,480,000 CRPS was issued, of which 10,000,000 CRPS had been converted into 5,988,023 Hibiscus Petroleum Shares which were listed on Bursa Securities on 3 June 2013.
- (4) The Conversion Price is fixed at RM1.65 based on the conditional subscription agreement entered into between our Company and Sri Inderajaya (Far East) on 11 January 2013.

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4.2 Shareholdings of substantial shareholders

The proforma effects of the Proposed Allotment on the shareholding structure of our substantial shareholders based on our Company's Record of Depositors as at the LPD are set out below:

Scenario 1

	Existing as at the LPD				Proforma I				Proforma II			
	<--- Direct ---> No. of Shares ('000)	%	<--- Indirect ---> No. of Shares ('000)	%	<--- Direct ---> No. of Shares ('000)	%	<--- Indirect ---> No. of Shares ('000)	%	<--- Direct ---> No. of Shares ('000)	%	<--- Indirect ---> No. of Shares ('000)	%
Hibiscus Upstream Sdn Bhd	83,611	18.55	-	-	83,611	18.55	-	-	83,611	18.55	-	-
Dr Kenneth Gerard Pereira	-	-	83,611 ⁽²⁾	18.55	-	-	83,611 ⁽²⁾	18.55	-	-	83,611 ⁽²⁾	18.55
Lee Chye Tek Lionel ⁽¹⁾	40,000	8.88	-	-	40,000	8.88	-	-	40,000	8.87	-	-
Mercury Pacific Marine Pte Ltd	30,496	6.77	5,874 ⁽³⁾	1.30	30,496	6.77	5,874 ⁽³⁾	1.30	30,496	6.77	5,874 ⁽³⁾	1.30
Littleton Holdings Pte Ltd	30,415	6.75	-	-	30,415	6.75	-	-	30,415	6.75	-	-
Roushan A/L Arumugam	-	-	30,415 ⁽⁴⁾	6.75	-	-	30,415 ⁽⁴⁾	6.75	-	-	30,415 ⁽⁴⁾	6.75
Picadilly Middle East Limited	26,667	5.92	-	-	26,667	5.92	-	-	26,667	5.92	-	-
Mohd Zulkefli Bin Mohd Abdah	200	0.04	46,667 ⁽⁵⁾	10.36	200	0.04	46,667 ⁽⁵⁾	10.36	200	0.04	46,667 ⁽⁵⁾	10.36

Scenario 2

	Existing as at the LPD				Proforma I				Proforma II			
	<--- Direct --->		<--- Indirect --->		<--- Direct --->		<--- Indirect --->		<--- Direct --->		<--- Indirect --->	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Hibiscus Upstream Sdn Bhd	83,611	18.55	-	-	83,611	18.55	-	-	83,611	18.31	-	-
Dr Kenneth Gerard Pereira	-	-	83,611 ⁽²⁾	18.55	-	-	83,611 ⁽²⁾	18.55	-	-	83,611 ⁽²⁾	18.31
Lee Chye Tek Lionel ⁽¹⁾	40,000	8.88	-	-	40,000	8.88	-	-	40,000	8.76	-	-
Mercury Pacific Marine Pte Ltd	30,496	6.77	5,874 ⁽³⁾	1.30	30,496	6.77	5,874 ⁽³⁾	1.30	30,496	6.68	5,874 ⁽³⁾	1.29
Littleton Holdings Pte Ltd	30,415	6.75	-	-	30,415	6.75	-	-	30,415	6.66	-	-
Roushan A/L Arumugam	-	-	30,415 ⁽⁴⁾	6.75	-	-	30,415 ⁽⁴⁾	6.75	-	-	30,415 ⁽⁴⁾	6.66
Picadilly Middle East Limited	26,667	5.92	-	-	26,667	5.92	-	-	26,667	5.84	-	-
Mohd Zulkefli Bin Mohd Abdah	200	0.04	46,667 ⁽⁵⁾	10.36	200	0.04	46,667 ⁽⁵⁾	10.36	200	0.04	46,667 ⁽⁵⁾	10.22

Notes:

- (1) Based on the subscription agreement entered into between Hibiscus Petroleum and Lee Chye Tek Lionel on 2 August 2012, he has subscribed for 9,480,000 CRPS, which conversion price was fixed at RM1.85.
- (2) Deemed interested via his shareholdings in Hibiscus Upstream Sdn Bhd pursuant to Section 6A of the Act.
- (3) Deemed interested via its shareholdings in Perintis Muhibah Sdn Bhd pursuant to Section 6A of the Act.
- (4) Deemed interested via his shareholdings in Littleton Holdings Pte Ltd pursuant to Section 6A of the Act.
- (5) Deemed interested via his shareholdings in Picadilly Middle East Limited and Tericon Solutions Ltd pursuant to Section 6A of the Act.

4.3 Earnings and EPS

The Proposed Allotment is not expected to have any material effect on the earnings of our Group for the financial year ending 31 March 2014.

Pending utilisation, proceeds to be raised from the Proposed Allotment will be placed in interest bearing instruments and may result in gross interest income of approximately RM0.2 million for the financial year ending 31 March 2014 at the assumed interest rate of 3% per annum. The EPS of our Group may be diluted as a result of an increase in the number of Hibiscus Petroleum Shares in issue after the issuance of Conversion Shares. The future EPS of our Group may increase or decrease depending on the returns from deploying the proceeds raised from the Proposed Allotment (which forms part of the Private Placement of CRPS) and the number of Conversion Shares arising.

4.4 NA and Gearing

For illustrative purposes, the proforma effects of the Proposed Allotment on the audited consolidated NA of our Company based on its audited consolidated financial statements as at 31 March 2013 are set out below:

Scenario 1

	Audited as at 31 March 2013 RM'000	<u>Proforma I</u> After adjustment for subsequent events⁽¹⁾ RM'000	<u>Proforma II</u> After Proforma I and the Proposed Allotment RM'000	<u>Proforma III</u> After Proforma II and assuming full redemption of CRPS under the Proposed Allotment⁽²⁾ RM'000
Share capital	4,404	4,504	4,504	4,505
Share premium	154,724	167,793	167,793	167,892
Other reserves	92,438	91,458	91,463	91,463
Retained earnings/(accumulated losses)	(10,285)	2,181	2,181	1,632
Shareholders' funds / NA	241,281	265,936	265,941	265,492
No. of Shares in issue ('000)	440,395	450,421	450,421	450,484
NA per Share (RM)	0.55	0.59	0.59	0.59
Total interest-bearing borrowings (RM'000)	-	-	-	-
Gearing ratio (times)	-	-	-	-

Scenario 2

	<u>Audited as at 31 March 2013 RM'000</u>	<u>Proforma I After adjustment for subsequent events⁽¹⁾ RM'000</u>	<u>Proforma II After Proforma I and the Proposed Allotment RM'000</u>	<u>Proforma III After Proforma II and assuming full conversion of CRPS under the Proposed Allotment^{(3) (4)} RM'000</u>
Share capital	4,404	4,504	4,504	4,565
Share premium	154,724	167,793	167,793	177,535
Other reserves	92,438	91,458	91,463	91,458
Retained earnings/(accumulated losses)	(10,285)	2,181	2,181	2,181
Shareholders' funds / NA	241,281	265,936	265,941	275,739
No. of Shares in issue ('000)	440,395	450,421	450,421	456,482
NA per Share (RM)	0.55	0.59	0.59	0.60
Total interest-bearing borrowings (RM'000)	-	-	-	-
Gearing ratio (times)	-	-	-	-

Notes:

- (1) *Adjustments for subsequent events include:*
- (a) *adjustment for Hibiscus Petroleum Shares issued and listed (issued but yet to be listed Hibiscus Petroleum Shares being disregarded for this purpose) pursuant to the exercise of 4,038,400 Warrants-A and conversion of 10,000,000 CRPS up to the LPD. The exercise price of Warrants-A is RM0.50 each; and*
- (b) *adjustment for the dilution of interest in HiRex Petroleum Sdn Bhd ("HIREX") to 48.24% arising from the issuance of 2,927 new shares in HIREX to a minority shareholder at a subscription price of RM1.00 per share on 17 June 2013. An additional adjustment is made for the issuance of 14,635 new shares to a corporate investor at a subscription price which is the RM equivalent of USD683.29 per share on 17 July 2013, which is estimated to result in an increase in the earnings of Hibiscus Petroleum by approximately RM12.6 million due to the one-off gain arising from the dilution of interest in HIREX to 41.00%.*
- (2) *As at the LPD, none of the CRPS has been redeemed. Pursuant to Section 61(3) of the Act, redeemable preference shares shall not be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption, and unless they are fully paid up. For illustrative purposes, the par value of the CRPS issued pursuant to the Proposed Allotment is assumed to be redeemed from the proceeds of new issue of 62,500 Hibiscus Petroleum Shares on 31 March 2013 at an assumed issue price of RM1.60 per share. The decrease in retained earnings of RM0.5 million under Scenario 1 represents the difference between redemption price and the carrying amount of the liability portion of the CRPS.*
- (3) *Assuming the costs associated with the Proposed Allotment, e.g. placement and professional fees and other costs totalling RM0.2 million are set off against the share premium.*
- (4) *The Conversion Price is fixed at RM1.65 based on the conditional subscription agreement entered into between our Company and Sri Inderajaya (Far East) dated 11 January 2013.*

4.5 Existing convertible securities

As at the LPD, save for the 69,480,000 outstanding CRPS issued under the Private Placement of CRPS, 307,827,322 outstanding Warrants-A and 83,611,200 outstanding Warrants-B, our Company does not have any other existing convertible securities. Warrants-B are not listed.

5. APPROVALS REQUIRED

The Proposed Allotment is subject to approvals being obtained from the following:

- (i) the shareholders of the Company at an EGM for the specific allotment to be made to Sri Inderajaya (Far East);
- (ii) any other relevant authorities, if required.

The Proposed Allotment is not conditional upon any other corporate exercise of our Company.

6. CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

6.1 Proposed Acquisition of Participating Interests in Six Concessions in Norway

On 4 May 2012, our Company announced that Lime had entered into transaction agreements with North Energy ASA ("**North Energy**") to secure 50.0% of North Energy's interest in 4 concessions located in the Norwegian Continental Shelf ("**NCS**") which are at early to advanced exploration stages ("**Previous Agreement**"). On 17 April 2013, a revised agreement to replace the Previous Agreement was executed by Lime Petroleum Norway AS ("**Lime Norway**"), a subsidiary of Lime, to secure half of North Energy's interest (ranging from 5.0% to 12.5%) in up to 6 concessions in the NCS. The final number of concessions which may be transferred to Lime Norway is subject to the approval of the relevant authorities in Norway. The total purchase consideration is estimated at Norwegian Kroner ("**NOK**") 28.23 million (equivalent to USD4.93 million) which comprises the consideration of NOK27.50 million (as per the Previous Agreement) plus interest. For further details, please refer to the announcement dated 18 April 2013.

6.2 HIREX : Joint Venture with Rex South East Asia Ltd ("**Rex**")

On 21 March 2013, the Company's wholly-owned subsidiary, Orient Hibiscus Sdn Bhd, had entered into a joint venture agreement with Rex to form HIREX with the objective of pursuing investments in exploration assets using Rex Technology¹ in 11 countries within the Asia Pacific region, namely Malaysia, New Zealand, the Philippines, Vietnam, Australia, Thailand, Brunei, Papua New Guinea, Indonesia, Myanmar and Cambodia, and offshore areas associated with these countries. Subsequently, on 17 June 2013, Triax Ventures Corp, a corporate investor, had agreed to invest USD10.0 million for a 15.0% equity interest in HIREX. Further to the completion of the subscription of shares in HIREX by Triax Ventures Corp on 17 July 2013, HIREX's paid-up share capital has increased to RM97,562 divided into 97,562 shares in HIREX with Orient Hibiscus Sdn Bhd and Rex holding 40,000 shares in HIREX (41%) each, a minority shareholder holding 2,927 shares in HIREX (3%), and Triax Ventures Corp holding 14,635 shares in HIREX (15%). For further details, please refer to the announcement made on 18 June 2013.

¹ The Rex Technology package is a suite of tools which is able to increase the probability of success in exploration and appraisal drilling, and shorten the time to commercialise viable fields. The technology package comprises 3 components:

- **Rex Gravity**© - to detect possible hydrocarbon accumulations through use of satellite acquired data.
- **Rex Seepage**© - to verify hydrocarbon presence through the use of satellite acquired data.
- **Rex Virtual Drilling**© - a software-based tool which relies on the phenomenon of resonance in acquired seismic data to detect hydrocarbon deposits and predict oil in-place volumes.

Save for the above, the Private Placement of CRPS and the Proposed Allotment, our Board confirms that there is no other corporate proposal that has been announced but not completed as at the LPD.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Roushan A/L Arumugam, our independent non-executive director, is the son of Tan Sri Dato' Seri Arumugam A/L A Packiri and Puan Sri Datin Seri Letchimy @ Suguna Devi A/P RJ Naidu, who are shareholders and directors of Sri Inderajaya (Far East). Therefore, he is deemed interested in the Proposed Allotment.

Roushan A/L Arumugam has abstained, and will continue to abstain, from the deliberation and voting by our Board with regard to the Proposed Allotment.

Further, Roushan A/L Arumugam will abstain from voting, in respect of his direct and/or indirect interests in Hibiscus Petroleum, on the proposed resolution in relation to the Proposed Allotment to be tabled at our Company's forthcoming EGM. Roushan A/L Arumugam will also ensure that persons connected to him will abstain from voting on their direct and/or indirect shareholdings, if any, on the proposed resolution pertaining to the Proposed Allotment.

As at the LPD, Roushan A/L Arumugam has an indirect shareholding of 30,415,000 Hibiscus Petroleum Shares by virtue of his interest in Littleton Holdings Pte Ltd, representing approximately 6.75% of the issued and paid-up share capital of our Company.

Save as disclosed above, none of the Directors and major shareholders of our Company and/or any persons connected to them have any interest, direct or indirect, in the Proposed Allotment.

8. DIRECTORS' RECOMMENDATION

Our Board (except for Roushan A/L Arumugam), having considered all aspects of the Proposed Allotment, is of the opinion that the Proposed Allotment is in the best interest of our Company and recommends that you vote in favour of the resolution pertaining to the Proposed Allotment to be tabled at the forthcoming EGM of our Company.

9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, our Board expects the Proposed Allotment to be completed by August 2013.

10. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Hibiscus Petroleum Shares transacted for the past 12 months from July 2012 to June 2013 are as follows:

	High RM	Low RM
2012		
July	1.71	1.48
August	1.88	1.65
September	1.76	1.55
October	1.64	1.55
November	1.59	1.51
December	1.55	1.41

2013	High RM	Low RM
January	1.57	1.46
February	1.51	1.47
March	1.50	1.44
April	1.51	1.37
May	1.55	1.37
June	1.55	1.40

The last transacted market price of our Shares immediately prior to the announcement of the Proposed Allotment on 10 January 2013. RM1.55

The last transacted market price of our Shares as at the LPD prior to the printing of this Circular. RM1.46

(Source: Bloomberg)

11. EGM

An EGM, the notice of which is set out in this Circular, will be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 August 2013 at 3.00 p.m., or immediately following the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of our Company which will be held at the same venue and on the same day at 2.30 p.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Allotment.

You are entitled to attend and vote at our forthcoming EGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our share registrar's office at Level 17, The Gardens, North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 48 hours before the time fixed for our EGM or any adjournment thereof. The last day and time for you to lodge the Form of Proxy is on Sunday, 18 August 2013 at 3.00 p.m.. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are requested to refer to the appendices for further information.

Yours faithfully
For and on behalf of the Board of
HIBISCUS PETROLEUM BERHAD

ZAINUL RAHIM BIN MOHD ZAIN
Chairman

SALIENT TERMS OF THE CRPS SUBSCRIPTION AGREEMENTS

(As extracted from our Company's Circular to Shareholders dated 4 September 2012)

2.1.1 Salient Terms of the CRPS Subscription Agreements

The salient terms of the CRPS Subscription Agreements include:

2.1.1.1 Conditions Precedent**A. Conditionality**

The CRPS Subscription Agreements are subject to, and conditional upon, the fulfilment of the following conditions precedent:

- (a) the necessary approvals of the Board and the members of the Company (including pursuant to Section 132D of the Act) in connection with the Private Placement of CRPS, including but not limited to:
 - (i) the issue of the CRPS pursuant to the Private Placement of CRPS;
 - (ii) the issue of Conversion Shares pursuant to the Private Placement of CRPS;
 - (iii) the increase in the authorised share capital of the Company to an amount sufficient to accommodate the issue of the maximum number of CRPS and Conversion Shares pursuant to the Private Placement of CRPS; and
 - (iv) the relevant amendments to the M&A to facilitate the issue of the CRPS,
being duly obtained.
- (b) the necessary approval of Bursa Securities (for the listing of the Conversion Shares on Bursa Securities) and BNM (for any issue of the CRPS to non-residents of Malaysia) in relation to the Private Placement of CRPS being duly obtained;
- (c) the necessary consent of the holder(s) of the RCPS in relation to the issue of the CRPS pursuant to the CRPS Subscription Agreements, being duly obtained; and
- (d) such other consents or approvals as may be required of any governmental, regulatory body or competent authority having jurisdiction over the Private Placement of CRPS being duly obtained,

(each a "**Condition Precedent**", collectively referred to as the "**Conditions Precedent**").

B. Waiver

Where such fulfilment is not required by law, the parties may agree to waive the fulfilment of any one or more of the Conditions Precedent.

SALIENT TERMS OF THE CRPS SUBSCRIPTION AGREEMENTS (Cont'd)

C. Non-fulfilment

Unless specifically waived by the parties under Section 2.1.1.1B, if any Condition Precedent is not fulfilled within one hundred and eighty (180) days after the date of the CRPS Subscription Agreements or such later date as the parties may otherwise agree:

- (a) the CRPS Subscription Agreements shall automatically cease and determine;
- (b) the Placement Agent shall return the Initial Payment (as defined under Section 2.1.1.2B) (together with all accrued interest) within five (5) Business Days to the subscribers;
- (c) all obligations and liabilities of the parties under the CRPS Subscription Agreements shall cease to have effect; and
- (d) no party shall have any claim against the other parties in relation to the CRPS Subscription Agreements,

but a party (being the Subscriber or the Company) shall continue to be liable in relation to all antecedent breaches of the CRPS Subscription Agreements.

In terms of the liabilities of the parties under the CRPS Subscription Agreements :-

- (a) *In the event of a breach of the term(s) of the CRPS Subscription Agreement, the non-defaulting party is entitled to monetary compensation and the remedy of specific performance and injunctive relief (as may be applicable), if monetary compensation by itself is not an adequate remedy.*
- (b) *In the event that the CRPS Subscription Agreement is terminated due to a default or breach of the terms of the CRPS Subscription Agreement on the part of the subscriber, Hibiscus Petroleum is also entitled to forfeit the whole Initial Payment as agreed reasonable compensation for opportunity and other costs incurred by Hibiscus Petroleum in relation to the CRPS Subscription Agreement and the proposed transactions under the CRPS Subscription Agreement.*

The rights and remedies of the parties as provided in the CRPS Subscription Agreement are in addition to, and do not exclude or limit, any rights and remedies provided by law.

2.1.1.2 CRPS Subscription

- A. Subject to fulfilment of the Conditions Precedent, the subscribers shall subscribe in cash for the relevant number of CRPS ("**Subscription CRPS**") as prescribed in the CRPS Subscription Agreements at the Subscription Price ("**Subscription Monies**");
- B. No later than ten (10) Business Days (subject to an extension of five (5) Business Days, if such extended period is mutually agreed by the parties in writing within the ten (10) Business Days period) after the subscribers' execution of the CRPS Subscription Agreements, a sum being equivalent to five percent (5%) of the total Subscription Monies, shall be fully paid by the subscribers by way of Malaysian banker's draft/cashier's order or by way of telegraphic transfer or direct deposit into the Placement Agent's bank account ("**Designated Bank Account**") ("**Initial Payment**");

SALIENT TERMS OF THE CRPS SUBSCRIPTION AGREEMENTS (Cont'd)

- C. Within three (3) Business Days after the date on which the last of the outstanding Conditions Precedent are completely fulfilled and satisfied upon the terms set out in the CRPS Subscription Agreements, the balance ninety five percent (95%) of the total Subscription Monies shall be fully paid by the subscribers by way of Malaysian banker's draft/cashier's order or by way of telegraphic transfer or direct deposit into the Designated Bank Account. The Subscription Monies shall be held and dealt with by the Placement Agent in accordance with the CRPS Subscription Agreements and such other terms as may be agreed between the Company and the Placement Agent;
- D. Upon its receipt of the balance Subscription Monies pursuant to Section 2.1.1.2C, the Placement Agent shall immediately (and in any event no later than two (2) Business Days thereafter) provide a written confirmation of its receipt of the total Subscription Monies to the Company ("**Placement Agent's Receipt Confirmation**");
- E. The Company shall effect the allotment and issue the Subscription CRPS (free from all charges, liens, pledges, trusts and other encumbrances) to the subscribers (including the delivery of valid share certificates) within ten (10) Business Days after the receipt by the Company of the Placement Agent's Receipt Confirmation; and
- F. Upon the allotment and issue of the Subscription CRPS, the total Subscription Monies shall be fully released and paid by the Placement Agent to the CRPS Custodian, within two (2) Business Days after the Placement Agent's receipt of the confirmation from the Company that the Subscription CRPS have been allotted and issued to the subscribers, by way of banker's draft, cashier's order, telegraphic transfer or such other manner of payment as may be agreed by the Placement Agent, the Company and the CRPS Custodian, to be held and dealt with by the CRPS Custodian in accordance with the terms of its appointment for purposes of the CRPS Subscription Agreements. In addition to the funds to be released to the Company for purposes of the Permitted Utilisation, the CRPS Custodian shall release to the Company accordingly:
- (a) upon any conversion of the CRPS, all proceeds (including accrued interest) attributable to such CRPS which have been converted into Conversion Shares; and
 - (b) after the Maturity Date, all balance proceeds and monies (including accrued interest).

2.1.1.3 Adjustment

The Conversion Price is subject to any applicable adjustments as set out in the CRPS Subscription Agreements.

2.1.1.4 Governing law and jurisdiction

The CRPS Subscription Agreements are governed by the laws of Malaysia and each party irrevocably submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Malaysia.

SALIENT TERMS OF THE CRPS

(As extracted from our Company's Circular to Shareholders dated 4 September 2012)

2.1.2 Salient Terms of the CRPS

- Subscription Price : The subscription price for each CRPS shall be RM1.00 each.
- Form and Denomination : The CRPS will be issued in registered form and in denominations or multiples of RM0.01 each.
- Tenure : For each relevant tranche of CRPS issued, the tenure will commence from the date of issuance of the relevant respective tranche of CRPS up to Maturity Date.
- Transferability : The CRPS are not transferable.
- Maturity Date : The Maturity Date for all CRPS will be 18 months from the First Tranche Issue Date.
- Dividend : The CRPS shall not be entitled to any dividend.
- Conversion Price : The Conversion Price has been or will be fixed at a premium of up to 10% over the 5-day VWAMP of Hibiscus Petroleum Shares immediately before the price-fixing date (which is the date of the subscription agreement for each relevant tranche of CRPS) or RM1.60, whichever is higher.
- The Conversion Price is subject to any applicable adjustments as set out in the subscription agreement(s) entered into or to be entered into between the Company and the relevant placees.
- Conversion Period : The period commencing from the earlier of:
- (a) The date falling six (6) months after the First Tranche Issue Date; and
 - (b) The date the transacted market price of the Hibiscus Petroleum Share (including any intraday price) on Bursa Securities first reaches RM3.00 or more (regardless of the duration the transacted price remains at such level),
- up to the Cut-Off Date (excluding both dates).
- For avoidance of doubt, the Conversion Period commences upon the fulfilment of either one of the above events (whichever is earlier).
- Conversion Right : CRPS Holders will have the option to convert all or part of their holdings of CRPS into Conversion Shares (rounded down to the nearest whole number of Conversion Share) at the Conversion Price at any time (and from time to time) during Conversion Period.
- The conversion would then be on the basis of each CRPS being equivalent to the value of RM1.00 towards satisfying the Conversion Price.

SALIENT TERMS OF THE CRPS (Cont'd)

Mandatory Conversion : On the Maturity Date, all outstanding CRPS will automatically be converted into Conversion Shares (rounded down to the nearest whole number of Conversion Share) at the Conversion Price through the surrender of the CRPS, on the basis of each CRPS being equivalent to the value of RM1.00 towards satisfying the Conversion Price.

Redemption Option : In the event the Balance Proceeds as at the Cut-Off Date is more than 20%, CRPS Holders have a one-time option to redeem part of the total number of CRPS they hold, at the Redemption Price on a pro-rated basis based on the following formula:

$$N = \frac{O}{P} \times Q$$

where,

N = Number of CRPS the CRPS Holder is entitled to redeem at the Redemption Price

O = Total number of CRPS held by the CRPS Holder (excluding, for the avoidance of doubt, all CRPS previously converted by the CRPS Holder)

P = Total number of CRPS issued by the Company (excluding all CRPS previously converted by all CRPS Holders)

Q = Balance Proceeds

In the event CRPS Holders fail to exercise this redemption option, such CRPS shall be automatically converted into Conversion Shares at the Conversion Price on the Maturity Date.

In the event the Balance Proceeds as at the Cut-Off Date is less than or equal to 20%, the Redemption Option shall not be applicable.

Condition of Redemption : The redemption of the CRPS shall be subject to, and in accordance with, Section 61 of the Act.

Redemption Price : Redemption price (in RM) will be determined based on the formula below:

$$R = \left[1 + \left(5\% \times \frac{U}{365} \right) \right]$$

where,

R = Redemption price per CRPS.

U = Number of days from the issue date of each relevant tranche of CRPS to Maturity Date.

The 5% represents a 5% per annum premium on the Subscription Price in the event of redemption.

Voting rights : The CRPS shall entitle the CRPS Holder to the voting rights as referred to in Section 148(2) of the Act and all other mandatory statutory voting rights.

SALIENT TERMS OF THE CRPS (Cont'd)

- Priority on winding-up or liquidation : The CRPS shall have priority in the repayment of the CRPS (if such repayment is applicable to the CRPS) over any payment in relation to the Hibiscus Petroleum Shares and RCPS upon any liquidation, return of capital or winding-up of Hibiscus Petroleum. The CRPS shall not be entitled to participate in the surplus assets and profits of Hibiscus Petroleum.
- Ranking of CRPS : The CRPS shall rank *pari passu* amongst themselves.
- Ranking and rights of Conversion Shares : The Conversion Shares shall rank *pari passu* in all respects with all other then existing Hibiscus Petroleum Shares, except that the Conversion Shares shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions the entitlement date of which is on or prior to the date of issuance of Conversion Shares.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENT AND CONFLICT OF INTEREST

HLIB, being the Adviser and Placement Agent for the Proposed Allotment, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Adviser and Placement Agent for the Proposed Allotment.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, there are no material commitments incurred and contingent liabilities incurred or known to be incurred by our Group that is likely to have a material adverse effect on our financial position:

Material commitments approved and contracted for	RM'000
Intellectual Property license fees (HIREX)	29,053
Share of a jointly-controlled operation's material commitments (VIC/P57)	1,067
Share of a jointly-controlled entity's material commitments (Lime)	11,201
Capital commitment for purchase of equipment	615
	<u>41,936</u>
Material commitments approved but not contracted for	RM'000
Share of an associate's material commitments (3D Oil Limited)	16,000
Share of jointly-controlled operation's material commitments (VIC/P57)	121,000
Share of jointly-controlled entity's material commitments (Lime)	54,418
	<u>191,418</u>

FURTHER INFORMATION (Cont'd)

4. MATERIAL LITIGATION

As at the LPD, our Company and our subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against our Company and/or our subsidiaries, or of any facts likely to give rise to any proceedings, which may materially and adversely affect the financial position or business of our Company and/or our subsidiaries.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) The Memorandum and Articles of Association of Hibiscus Petroleum;
- (ii) The audited consolidated financial statements of Hibiscus Petroleum for the past 2 financial years ended 31 March 2012 and 2013;
- (iii) The subscription agreement in respect of the Proposed Allotment; and
- (iv) The letter of consent referred to in Section 2 above.

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HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Hibiscus Petroleum Berhad (“**Hibiscus Petroleum**” or “**Company**”) will be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 August 2013 at 3.00 p.m., or immediately following the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held at the same venue and on the same day at 2.30 p.m., whichever is later, for the purpose of considering and if thought fit, to pass the following resolution with or without modifications:

ORDINARY RESOLUTION

PROPOSED ALLOTMENT AND ISSUANCE OF 10,000,000 NEW CONVERTIBLE REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH (“CRPS”) IN THE COMPANY AT AN ISSUE PRICE OF RM1.00 PER CRPS TO SRI INDERAJAYA (FAR EAST) SDN BHD UNDER THE PRIVATE PLACEMENT OF CRPS (“PROPOSED ALLOTMENT”)

“**THAT**, subject to the approvals from all relevant authorities being obtained (if applicable), authority be and is hereby given to the Directors of the Company to allot and issue 10,000,000 CRPS (including all new ordinary shares to be issued pursuant to the conversion of the CRPS) to Sri Inderajaya (Far East) Sdn Bhd (being an entity connected to a Director of the Company as elaborated in the Company’s Circular to Shareholders dated 29 July 2013), pursuant to the private placement of CRPS;

AND THAT the Directors of the Company be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Allotment and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Allotment.”

By Order of the Board

Tai Yit Chan (MAICSA 7009143)

Tan Ai Ning (MAICSA 7015852)

Joint Company Secretaries

Selangor

29 July 2013

Notes:

1. *For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 13 August 2013 and only Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.*

2. *A proxy or attorney or a duly authorised representative may, but need not be a member and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.*
3. *To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).*
4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.*
6. *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. Where the 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.*
7. *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*



CDS Account No.

HIBISCUS PETROLEUM BERHAD
(798322-P)

FORM OF PROXY

I/We _____

I.C. No./ Passport/ Company No. _____

being a member of HIBISCUS PETROLEUM BERHAD ("HIBISCUS PETROLEUM" or "Company"), hereby appoint _____

_____ I.C. No./ Passport No. _____

of _____

or failing him, _____ I.C. No./ Passport No. _____

of _____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the EXTRAORDINARY GENERAL MEETING of our Company to be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 August 2013 at 3.00 p.m., or immediately following the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held at the same venue and on the same day at 2.30 p.m., whichever is later, on the following resolution referred to in the Notice of Extraordinary General Meeting by indicating an "X" in the space provided below:

	FOR	AGAINST
ORDINARY RESOLUTION – PROPOSED ALLOTMENT		

Dated this _____ day of _____ 2013

Signature/Common Seal	
Number of shares held	
Date	

For appointment of two proxies, percentage of shareholdings to be represented by the proxies			
	No. of shares	Percentage	
Proxy 1			%
Proxy 2			%
		100	%

Notes:

- For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 13 August 2013 and only Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.
- A proxy or attorney or a duly authorised representative may, but need not be a member and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
- A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.
- 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. Where the 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.



7. *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*



Fold this flap for sealing

Then fold here

AFFIX
STAMP

TRICOR INVESTOR SERVICES SDN BHD
Level 17
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

1st fold here
