

THIS CIRCULAR TO SHAREHOLDERS OF HIBISCUS PETROLEUM BERHAD IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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HIBISCUS PETROLEUM BERHAD

Registration Number: 200701040290 (798322-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 117 OF THE COMPANIES ACT, 2016; AND**
- (II) PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



CIMB Investment Bank Berhad
Registration No. 197401001266 (18417-M)

The Notice of Extraordinary General Meeting ("**EGM**") of Hibiscus Petroleum Berhad together with the Form of Proxy are enclosed in this Circular. The EGM will be held on a virtual basis, the details of which are as follows:

Date and time of the virtual EGM	:	Thursday, 1 December 2022 at 11.00 a.m. or immediately following the conclusion of the 12 th Annual General Meeting of the Company to be held at the same venue at 9.30 a.m. on the same day or at any adjournment thereof, whichever is later
Broadcast Venue of the virtual EGM	:	Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
Last day and time for lodging the Form of Proxy	:	Tuesday, 29 November 2022 at 11.00 a.m.

This Circular is dated 31 October 2022

DEFINITIONS

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

Act	:	Companies Act, 2016
AGM	:	Annual General Meeting
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad
CIMB	:	CIMB Investment Bank Berhad
Code	:	Collectively, the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions
Director(s)	:	Director(s) of Hibiscus Petroleum
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per share
FIPC	:	Fortuna International Petroleum Corporation
FYE	:	Financial year ended / ending, as the case may be
Hibiscus Group or Group	:	Hibiscus Petroleum and its subsidiaries
Hibiscus Petroleum or Company	:	Hibiscus Petroleum Berhad
Hibiscus Petroleum Share(s) or Share(s)	:	Ordinary share(s) of Hibiscus Petroleum
LAT	:	Loss after tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	The latest practicable date prior to the date of this Circular, being 4 October 2022
NA	:	Net assets
O&G	:	Oil and Gas
PAT	:	Profit after tax
Peninsula Hibiscus	:	Peninsula Hibiscus Sdn Bhd, an indirect wholly-owned subsidiary of our Company
Proposals	:	Collectively, the Proposed Capital Reduction and the Proposed Share Buy-Back
Proposed Capital Reduction	:	Proposed reduction of the issued share capital of our Company of RM800 million pursuant to Section 117 of the Act

DEFINITIONS (Cont'd)

Proposed Share Buy-Back	:	Proposed authority for our Company to purchase its own Shares of up to 10% of the total number of issued Shares of our Company
Purchased Shares	:	Shares purchased by our Company pursuant to the Proposed Share Buy-Back
RCPS	:	Redeemable convertible preference shares
RM	:	Ringgit Malaysia
VWAMP	:	Volume weighted average market price

All references to “**our Company**” in this Circular are to Hibiscus Petroleum and references to “**our Group**” collectively refers to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context otherwise requires, shall include our Company and subsidiaries.

All references to “**you**” and “**your**” in this Circular are to our shareholders who are entitled to attend and vote at our forthcoming EGM, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to any enactment in this Circular are references to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding adjustments.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to differ materially from the anticipated results, performance and achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendix contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at our forthcoming EGM.

Salient information	Description	Reference to Circular
Summary of the Proposals	<p>: <u>Proposed Capital Reduction</u></p> <ul style="list-style-type: none">• Our Board proposes to undertake the Proposed Capital Reduction, which entails a reduction of RM800 million of the issued share capital of our Company pursuant to Section 117 of the Act. <p>Based on the latest audited financial statements of Hibiscus Petroleum for FYE 30 June 2022, our Group's retained earnings was RM1,064.6 million whilst our Company recorded accumulated losses amounting to RM690.6 million. The losses were mainly contributed by one-off historical losses comprising impairment losses recognised on our Company's interests in subsidiaries as a result of assessments performed on these subsidiaries' underlying interests in non-producing oil and gas assets and impairment of intercompany receivables from loss making subsidiaries.</p> <p>The profit-generating subsidiaries within our Group have not declared dividends to our Company to sufficiently offset its accumulated losses as cash generated from these subsidiaries are being retained to grow and to support the operations of their producing assets.</p> <p>Therefore, our Company proposes to undertake the Proposed Capital Reduction to eliminate the accumulated losses of our Company and thereby enable it to have a retained earnings balance to facilitate the Proposed Share Buy-Back. Pursuant to Paragraph 12.10 of the Listing Requirements, a listed issuer must ensure that the proposed purchase(s) of its own shares is made wholly out of retained earnings of the listed corporation. Furthermore, a retained earnings position better reflects our Company's present investments in profit-generating subsidiaries.</p> <p>The Proposed Capital Reduction essentially involves the transfer of RM800 million from our Company's share capital account to its accumulated losses account to eliminate such losses entirely, leaving a balance amount of RM108.5 million (after deducting the estimated expenses for the Proposed Capital Reduction of about RM0.88 million) as retained earnings.</p>	Sections 2, 2.1 and 2.2

EXECUTIVE SUMMARY (Cont'd)

<u>Salient information</u>	<u>Description</u>	<u>Reference to Circular</u>
Summary of the Proposals (Cont'd)	<p>For the avoidance of doubt, the Proposed Capital Reduction will not result in:</p> <ul style="list-style-type: none">(i) any adjustment to the share price of our Shares;(ii) any change in the total number of Shares in issue or the number of Shares held by our shareholders;(iii) any payment to our shareholders; and(iv) any cash outflow or change in the net assets of our Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction. <p><u>Proposed Share Buy-Back</u></p> <ul style="list-style-type: none">• Our Board proposes to seek our shareholders' approval for authority for our Company to purchase its own Shares of up to 10% of the total number of issued share capital of our Company, at any time during the period the authority is granted.	
Rationale for the Proposals	<p>: <u>Rationale for the Proposed Capital Reduction</u></p> <ul style="list-style-type: none">• The Proposed Capital Reduction is intended to address the past accumulated losses of our Company and achieve the following:<ul style="list-style-type: none">(i) rationalise the statement of financial position of Hibiscus Petroleum by eliminating the entire accumulated losses of our Company and hence reflecting a retained earnings balance as described in Section 2.1 of this Circular; and(ii) eliminate the accumulated losses thereby allowing our Company to further enhance our ability to declare dividends and be better positioned to undertake the Proposed Share Buy-Back out of our retained earnings in the future. <p><u>Rationale for the Proposed Share Buy-Back</u></p> <ul style="list-style-type: none">• The Proposed Share Buy-Back would enable our Company to use any of its surplus financial resources, which are not immediately required for other uses, to purchase the Shares when appropriate and at prices which our Board views as favourable; and	Sections 2.2.8, 3.1 and 3.2

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
Rationale for the Proposals (Cont'd)	<ul style="list-style-type: none"> In addition to the potential advantages as set out in Section 2.2.8 of this Circular, the Proposed Share Buy-Back may effectively reduce the number of our Shares in issue carrying voting and participation rights. As such, in arriving at the EPS of our Group, the earnings of our Group would be divided by a reduced number of Shares. Depending on, amongst other factors, the current market price of our Shares, our shareholders may enjoy an increase in the value of their investment in our Company arising from the consequent increase in EPS. 	
Approvals required	<ul style="list-style-type: none"> The Proposals are subject to the following approvals being obtained from: <ul style="list-style-type: none"> (i) the shareholders of Hibiscus Petroleum at our forthcoming EGM; and (ii) any other relevant authorities and/or parties, if required. 	Section 5
Conditionality of the Proposals	<ul style="list-style-type: none"> The Proposed Capital Reduction and the Proposed Share Buy-Back are inter-conditional. The Proposals are not conditional upon any other corporate exercise of our Company. 	Section 6
Interests of Directors, major shareholder, chief executive and/or persons connected with them	<ul style="list-style-type: none"> Save for the proportionate increase in the percentage shareholdings and voting rights associated with the shareholdings as a consequence of the Proposed Share Buy-Back, none of our Directors, major shareholder, chief executive of our Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposals. 	Section 8
Directors' statement and recommendation	<ul style="list-style-type: none"> Our Board, after having considered and deliberated on all aspects of the Proposals, including the rationale and effects, is of the opinion that the Proposals are in the best interest of our Company. Accordingly, our Board recommends that you VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Share Buy-Back and the special resolution pertaining to the Proposed Capital Reduction to be tabled at our forthcoming EGM. 	Section 9



HIBISCUS PETROLEUM BERHAD
Registration Number: 200701040290 (798322-P)
(Incorporated in Malaysia)

Registered Office:
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

31 October 2022

Board of Directors:

Zainul Rahim bin Mohd Zain (*Non-Independent Non-Executive Chairman*)
Dr Kenneth Gerard Pereira (*Managing Director*)
Dato' Sri Roushan Arumugam (*Independent Non-Executive Director*)
Thomas Michael Taylor (*Senior Independent Non-Executive Director*)
Dato' Dr Zaha Rina Zahari (*Independent Non-Executive Director*)
Emeliana Dallan Rice-Oxley (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

- (I) **PROPOSED CAPITAL REDUCTION; AND**
- (II) **PROPOSED SHARE BUY-BACK**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 4 October 2022, CIMB had on behalf of our Company, announced that Hibiscus Petroleum proposes to undertake the Proposals.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED CAPITAL REDUCTION

In order to execute the Proposed Share Buy-Back, our Company must ensure that any share repurchases is made wholly out of retained earnings of our Company, in accordance with Paragraph 12.10 of the Listing Requirements.

Hibiscus Petroleum was listed as a Special Purpose Acquisition Company (SPAC) in July 2011. During our initial business phase, our Company acquired exploration and development assets which were more affordable amidst a period of high oil prices and high valuations. These assets included the VIC/RL17 Petroleum Retention Lease (previously known as the VIC/L31 Production License), the VIC/P57 Exploration Permit and the VIC/P74 Exploration Permit (collectively, the “**Non-producing Australian O&G Assets**”) as well as interest in Lime Petroleum Plc and its concession companies (“**Non-producing Lime O&G Assets**”).

Subsequently, our Group acquired a 50% interest in the Anasuria Cluster in the United Kingdom in March 2016, our first producing asset (at a time when oil prices had declined significantly). Since then, our Group had also acquired other producing assets in Malaysia and Vietnam, namely a 50% participating interest in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract in March 2018 and a 100% equity interest in FIPC in January 2022.

Based on the latest audited financial statements of Hibiscus Petroleum for FYE 30 June 2022, our Company recorded accumulated losses amounting to RM690.6 million. The losses were mainly contributed by one-off historical losses comprising impairment losses recognised on (i) our Company’s interests in our subsidiaries of RM635.3 million as a result of assessments performed on these subsidiaries’ underlying interests in the Non-producing Australian O&G Assets and Non-producing Lime O&G Assets, all of which were fully impaired as at 30 June 2022; and (ii) intercompany receivables from loss making subsidiaries of RM44.4 million.

Notwithstanding the above, the producing assets acquired by our Group have contributed positively to our Group’s financial performance, resulting in our Group’s retained earnings of RM1,064.6 million as at 30 June 2022.

The table below illustrates our Group’s results after taxation from FYE 30 June 2016 (representing the first financial year that included the financial impact from the first producing asset) to FYE 30 June 2022 and the retained earnings or accumulated losses as at the end of the respective financial years:

Group (RM'000)	Audited FYE 30 June						
	2022	2021	2020	2019	2018	2017	2016
Profit/(loss) after taxation	652,941	103,676	(49,254)	230,010	203,712	106,097	(59,960)
Retained earnings/ (accumulated losses)	1,064,607	451,865	358,112	407,366	177,356	(25,807)	(131,904)

For information purposes, the “normalised” profit/(loss) after taxation of our Group after excluding the impairment of O&G assets (i.e. intangible assets and equipment classified as non-current assets in the statement of financial position) incurred in the respective financial years is shown in the table below:

Group (RM'000)	FYE 30 June						
	2022	2021	2020	2019	2018	2017	2016
As shown above	652,941	103,676	(49,254)	230,010	203,712	106,097	(59,960)
Add: Impairment of O&G assets	46,977	-	196,331	-	6,607	-	17,549
“Normalised” profit/(loss) after taxation	<u>699,918</u>	<u>103,676</u>	<u>147,077</u>	<u>230,010</u>	<u>210,319</u>	<u>106,097</u>	<u>(42,411)</u>

The profit-generating subsidiaries within our Group have not declared dividends to our Company to sufficiently offset its accumulated losses as cash generated from these subsidiaries are being retained to grow and to support the operations of their producing assets.

Accordingly, our Company proposes to undertake the Proposed Capital Reduction which entails a reduction of RM800 million of the issued share capital of our Company pursuant to Section 117 of the Act to eliminate the accumulated losses of our Company and thereby enable us to have a retained earnings balance to facilitate the Proposed Share Buy-Back. Furthermore, a retained earnings position better reflects our Company's present investments in profit-generating subsidiaries.

For information purposes, the capital reduction of RM800 million was arrived at after taking into consideration the amount of accumulated losses recorded by our Company up to FYE 30 June 2022 of about RM690.6 million as described above. Accordingly, the adjustment of RM800 million arising from such cancellation will be used to eliminate the accumulated losses of our Company in its entirety while the balance amount of RM108.5 million (after deducting the estimated expenses for the Proposed Capital Reduction of about RM0.88 million) will be in the form of retained earnings of our Company. The retained earnings will be used in such manner as our Board deems fit and in the best interest of our Company, as permitted by relevant and applicable laws as well as the Listing Requirements.

The pro forma effects of the Proposed Capital Reduction on the accumulated losses of our Company and the retained earnings of our Group based on the latest audited financial statements for FYE 30 June 2022 are illustrated in Section 2.2.3 of this Circular.

For the avoidance of doubt, the Proposed Capital Reduction will not result in:

- (i) any adjustment to the share price of our Shares;
- (ii) any change in the total number of Shares in issue or the number of Shares held by our shareholders;
- (iii) any payment to our shareholders; and
- (iv) any cash outflow or change in the net assets of our Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction.

The approval of our shareholders for the Proposed Capital Reduction will be sought at our forthcoming EGM, after which the Proposed Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged relating to the reduction of capital in the appropriate register in accordance with Section 119 of the Act.

2.2 PROPOSED SHARE BUY-BACK

Our Board proposes to seek our shareholders' approval for authority for our Company to purchase its own Shares of up to 10% of the total number of issued share capital of our Company, at any time during the period the authority is granted. The Proposed Share Buy-Back is subject to compliance with Sections 112, 113 and 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

Our Board, in exercising any decision to undertake any share buy-back, will take into consideration amongst others, the availability of retained earnings and financial resources of our Company at the time of the purchase including the market pricing of the Shares to address any perceived undervaluation, as further set out below.

2.2.1 Effective period

Under Paragraph 12.07(3) of the Listing Requirements, the approval from our shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at our forthcoming EGM and shall be valid until:

- (i) the conclusion of the next AGM of our Company following the general meeting at which such resolution was passed at which time it will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of our Company after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by our shareholders in a general meeting,

whichever occurs first.

The approval of our shareholders for the Proposed Share Buy-Back does not impose an obligation on our Company to purchase its own Shares. However, it will allow our Board to exercise the power of our Company to purchase its own Shares at any time within the abovementioned time period.

2.2.2 Maximum number or percentage of Shares to be acquired

Under Paragraph 12.09 of the Listing Requirements, the maximum aggregate number of Shares which may be purchased by our Company or held as treasury shares shall not exceed 10% of the total number of issued Shares of our Company at any point in time.

As at the LPD, the total issued share capital of our Company is RM966,013,524.78 comprising 2,012,418,743 Shares. As such, the maximum number of Shares that may be purchased or held as treasury shares by our Company is 201,241,874 Shares, representing 10% of our total number of issued Shares, for illustrative purposes.

Purchases under the Proposed Share Buy-Back shall only be effected on the open market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. The Proposed Share Buy-Back shall be transacted through our Company's appointed stockbroker(s) as approved by Bursa Securities and to be appointed at a later date.

2.2.3 Maximum amount of funds to be allocated and the source of funds

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the retained earnings of our Company at the time of purchase.

For illustrative purposes only, based on the latest audited financial statements of Hibiscus Petroleum for FYE 30 June 2022 and assuming the Proposed Capital Reduction had been effected on 30 June 2022, the pro forma retained earnings of our Company and of our Group as at 30 June 2022 will be as follows:

	FYE 30 June 2022	
	Company	Group
	RM'000	RM'000
(Accumulated losses) / retained earnings (Audited)	(690,591)	1,064,607
Add: Credit arising from the Proposed Capital Reduction	800,000	800,000
Less: Estimated expenses incurred for the Proposed Capital Reduction	(880)	(880)
Resultant pro forma retained earnings after the Proposed Capital Reduction	108,529	1,863,727

The Proposed Share Buy-Back may be funded through internally generated funds and/or external borrowings, the exact proportion of which has yet to be determined at this juncture. The source of funding for the Proposed Share Buy-Back will be determined at a later stage depending on, amongst others, the availability of internally generated funds, the retained earnings and financial resources of our Company at the time of the purchase, the actual number of Shares to be purchased and other relevant factors.

The actual number of Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained earnings and the financial resources available to our Company and our Group.

The Proposed Share Buy-Back, if funded through internally generated funds, is not expected to have a material impact on the cash flow position of our Company/Group. In addition, our Board will ensure that our Company has sufficient retained earnings available at our Company level prior to undertaking any share buy-back. As required under Sections 112(2) and 113(2) of the Act, our Company will have to perform a solvency test to satisfy the following conditions:

- (i) that the Proposed Share Buy-Back would not result in our Company being insolvent and its capital being impaired at the date of the solvency statement; and
- (ii) that our Company will remain solvent after each share buy-back during the period of six months after the date of the declaration made by a majority of the Directors of our Company.

In the event the Proposed Share Buy-Back is financed through external borrowings, our Board will ensure that our Company will have sufficient funds to repay such borrowings and that such repayment will not have a material effect on the cash flow of our Company/Group.

2.2.4 Pricing

Under Paragraph 12.17 of the Listing Requirements, our Company may only purchase its own Shares at a price which is not more than 15% above the VWAMP of the Shares for the five market days immediately before the purchase(s).

In addition, under Paragraph 12.18 of the Listing Requirements, our Company may only resell or transfer any Purchased Shares which are held as treasury shares on Bursa Securities at:

- (i) a price which is not less than the VWAMP of the Shares for the five market days immediately before the resale or transfer; or

- (ii) a discounted price of not more than 5% to the VWAMP of the Shares for the five market days immediately before the resale or transfer, provided that:
 - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

2.2.5 Treatment of Purchased Shares

In accordance with Section 127(4) of the Act, our Board may deal with the Purchased Shares at its discretion, in the following manner:

- (i) cancel the Purchased Shares;
- (ii) retain the Purchased Shares as treasury shares; or
- (iii) retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares.

Accordingly, based on Section 127(7) of the Act, where such Purchased Shares are held as treasury shares, our Board may at its discretion:

- (i) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- (ii) distribute the Purchased Shares as dividends to our shareholders, such dividends to be known as "share dividends";
- (iii) transfer the Purchased Shares or any of the Purchased Shares for the purposes of or under an employees' share scheme;
- (iv) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (v) cancel the Purchased Shares or any of the Purchased Shares;
- (vi) sell, transfer or otherwise use the Purchased Shares for such other purposes as the minister charged with the responsibility for companies may by order prescribe; and/or
- (vii) in any other manner permitted by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

Under Section 127(8) of the Act, if the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution in cash or otherwise is suspended. In accordance with Section 127(9) of the Act, the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in our Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, quorum for a meeting and result of a vote on resolution(s) at meetings.

The decision on whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be made by our Board at the appropriate time.

Our Company will make an immediate announcement to Bursa Securities of any purchase or resale of Shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both.

2.2.6 Purchase and/or resale of Shares in the preceding 12 months

Our Company does not have an existing authority to purchase its own Shares for the previous 12 months. As such, no Shares were purchased, held as treasury shares, resold, transferred and/or cancelled by our Company during the last 12 months preceding the LPD.

2.2.7 Public shareholding spread

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase, including compliance with the public shareholding spread requirement under Paragraph 8.02(1) of the Listing Requirements.

Based on the Record of Depositors of our Company, 1,557,805,569 Shares, representing 77.41% of the total number of issued Shares of our Company as at the LPD, were held by public shareholders. The public shareholding spread would be reduced to about 74.90%, assuming our Company implements the Proposed Share Buy-Back in full and that the Shares purchased are from public shareholders.

Our Company will not make any purchase of Shares if that would result in a breach of Paragraph 12.14 of the Listing Requirements, which provides that a listed corporation must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirement under Paragraph 8.02(1) of the Listing Requirements.

2.2.8 Potential advantages and disadvantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share Buy-Back to our Company are as follows:

- (i) enables our Company to purchase our Shares particularly when our Shares are undervalued, which would in turn, enhance investors' confidence;
- (ii) our Company may realise potential gains from the resale of the treasury shares, if the Purchased Shares which are retained as treasury shares are resold at higher prices;
- (iii) our Company may distribute any Shares held as treasury shares as share dividends to reward our shareholders, if of a reasonable size;
- (iv) enables our Company to use its financial resources to enhance the value of shareholders' investment in our Company if there is no immediate use, by purchasing our Shares; and
- (v) enables our Company to use the treasury shares as purchase consideration in corporate transactions thereby reducing the financial outflow and/or preserving our working capital.

The potential disadvantages of the Proposed Share Buy-Back to our Company are as follows:

- (i) as the Proposed Share Buy-Back can only be made out of retained earnings of our Company, it may result in the reduction of retained earnings available for distribution to our shareholders in the immediate future; and

- (ii) the Proposed Share Buy-Back may reduce the immediate financial resources of our Company and may result in our Group foregoing other investment opportunities that may be available in the future.

Nevertheless, these potential disadvantages are mitigated by the prospects that the financial capacity of our Group may increase, if the Purchased Shares held as treasury shares are resold at a higher price than their purchase price.

In addition, our Board does not expect the Proposed Share Buy-Back to give rise to any material disadvantage to our Company and our shareholders, as it will be implemented only after due consideration that there is adequate cash flow to fund our Group's working capital and other requirements prior to allocating the available resources for the Proposed Share Buy-Back. Our Board, in exercising any decision to purchase the Shares pursuant to the Proposed Share Buy-Back and any subsequent resale of treasury shares on Bursa Securities, will be mindful of the interest of our Company and our shareholders. To this end, a robust decision-making process will be put in place to ensure all relevant factors are considered prior to the execution of any share buy-backs, or sale of treasury shares or cancellation of shares.

2.2.9 Implications of the Code

Our Board does not anticipate any implications relating to the Code arising from the Proposed Share Buy-Back. It is the intention of our Company to implement the Proposed Share Buy-Back in a manner that will not result in any of our Company's substantial shareholder(s) and/or persons acting in concert with them having to undertake a mandatory offer pursuant to the Code.

2.2.10 Historical share prices

The monthly highest and lowest prices of Hibiscus Petroleum Shares as traded on Bursa Securities during the last 12 months are set out below:

	Highest (RM)	Lowest (RM)
<u>2021</u>		
October	0.95	0.68
November	0.91	0.68
December	0.81	0.70
<u>2022</u>		
January	1.02	0.79
February	1.31	0.98
March	1.37	1.00
April	1.29	1.10
May	1.50	1.25
June	1.36	0.90
July	1.02	0.79
August	1.08	0.81
September	1.07	0.82

The last transacted price of Hibiscus Petroleum Shares on 3 October 2022 (being the date immediately prior to the announcement of the Proposals) was RM0.85 per Share.

The last transacted price of Hibiscus Petroleum Shares on the LPD was RM0.87 per Share.

(Source: Bloomberg)

3. RATIONALE FOR THE PROPOSALS

3.1 Rationale for the Proposed Capital Reduction

The Proposed Capital Reduction is intended to address the past accumulated losses of our Company and achieve the following:

- (i) rationalise the statement of financial position of Hibiscus Petroleum by eliminating the entire accumulated losses of our Company and hence reflecting a retained earnings balance as described in Section 2.1 of this Circular; and
- (ii) eliminate the accumulated losses thereby allowing our Company to further enhance its ability to declare dividends and be better positioned to undertake the Proposed Share Buy-Back out of our retained earnings in the future.

3.2 Rationale for the Proposed Share Buy-Back

The approval of our shareholders for the Proposed Share Buy-Back would enable our Company to use any of its surplus financial resources, which are not immediately required for other uses, to purchase the Shares when appropriate and at prices which our Board views as favourable.

In addition to the potential advantages as set out in Section 2.2.8 of this Circular, the Proposed Share Buy-Back may effectively reduce the number of our Shares in issue carrying voting and participation rights. As such, in arriving at the EPS of our Group, the earnings of our Group would be divided by a reduced number of Shares. Depending on, amongst other factors, the current market price of our Shares, our shareholders may enjoy an increase in the value of their investment in our Company arising from the consequent increase in EPS.

4. EFFECTS OF THE PROPOSALS

The effects of the Proposals are presented below based on the assumption that the Proposed Capital Reduction will take effect before the Proposed Share Buy-Back, and that the Proposed Share Buy-Back is implemented in full.

4.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of our Company as at the LPD are set out below:

	No. of Shares	RM
Issued share capital as at the LPD	2,012,418,743	966,013,525
Less: To be cancelled under the Proposed Capital Reduction	-	(800,000,000)
After the Proposed Capital Reduction	2,012,418,743	166,013,525
		No. of Shares
Total number of issued Shares after the Proposed Capital Reduction		2,012,418,743
Less: Maximum number of Shares that may be purchased and cancelled under the Proposed Share Buy-Back		(201,241,874) ⁽¹⁾
After the Proposed Share Buy-Back		1,811,176,869

Note:

(1) Assuming sufficiency of retained earnings and that all Shares purchased are cancelled.

The effects of the Proposed Share Buy-Back on the issued share capital of our Company will depend on the intention of our Board with regards to the treatment of the Purchased Shares. If the Purchased Shares are cancelled, the issued share capital will be reduced by the number of Shares so cancelled. Conversely, if the Purchased Shares are retained as treasury shares, resold or distributed to shareholders, the Proposed Share Buy-Back will not have any effect on the issued share capital of our Company. Nevertheless, certain rights (such as voting rights) attached to the Purchased Shares will be suspended when the Purchased Shares are held as treasury shares.

4.2 NA, NA per Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the NA, NA per Share and gearing of our Group based on the audited consolidated statement of financial position of our Group as at 30 June 2022 and on the assumption that the Proposed Capital Reduction had been effected on that date are as follows:

	Audited as at 30 June 2022	After the Proposed Capital Reduction
	RM'000	RM'000
Share capital	966,014	166,014
Other reserves	171,396	171,396
Retained earnings	1,064,607	1,863,727 ⁽¹⁾
Shareholders' funds/ NA	2,202,017	2,201,137
No. of Shares in issue ('000)	2,012,419	2,012,419
NA per Share ⁽²⁾ (RM)	1.09	1.09
Total interest-bearing borrowings (RM'000)	88,814	88,814
Gearing ⁽³⁾ (times)	0.04	0.04

Notes:

- (1) *After crediting the amount arising from the Proposed Capital Reduction of RM800 million and deducting the estimated expenses for the Proposed Capital Reduction of about RM0.88 million.*
- (2) *Calculated based on NA divided by the number of Shares in issue.*
- (3) *Calculated based on total interest-bearing borrowings divided by shareholders' funds.*

The effects of the Proposed Share Buy-Back on the NA per Share of our Group will depend on the number of Purchased Shares, the purchase prices of the Purchased Shares, the cost of funding to our Group to finance such purchases, if any, and/or any loss in interest income to our Group if internally generated funds are used. The effect will also be subject to whether the Purchased Shares are resold on Bursa Securities, cancelled, retained as treasury shares or distributed as share dividends to our shareholders.

For Purchased Shares which are retained as treasury shares, cancelled and/or distributed as share dividends, the consolidated NA per Share would increase if the purchase prices are less than the consolidated NA per Share at the point of purchase, and vice versa.

If the treasury shares are resold on Bursa Securities, the consolidated NA per Share upon the resale would increase if our Company realises a gain from the resale and vice versa.

The effect of the Proposed Share Buy-Back on the gearing of our Group will depend on the proportion of borrowings used to fund any purchase of the Purchased Shares. At this juncture, our Company has not determined whether to use any form of borrowings for purposes of the Proposed Share Buy-Back.

4.3 Earnings and EPS

Save for the estimated expenses of about RM0.88 million in relation to the Proposed Capital Reduction, the Proposed Capital Reduction is not expected to have any material effect on the earnings and the EPS of our Group for FYE 30 June 2023.

The effects of the Proposed Share Buy-Back on the earnings of our Group are dependent on the cost of funding for the purchases, or if internally generated funds are used, the loss in interest income to our Group. Such funds utilised are dependent on the purchase prices of the Shares. For instance, Shares repurchased will increase the EPS of our Group if the cost of funding for the purchases and/or any loss in interest income to our Group attributable to every repurchased share is lower than the EPS of our Group and vice versa.

In addition, regardless of whether the Purchased Shares are cancelled or are maintained as treasury shares, the Proposed Share Buy-Back will result in a lower number of Shares being used for the purposes of computing the EPS. As such, the Proposed Share Buy-Back would generally, all else being equal, increase the EPS of our Group, which in turn may have a positive influence on the market price of our Shares.

If the Purchased Shares are retained as treasury shares and subsequently resold, the extent of the effect on the earnings of our Group will depend on the actual selling price of the Shares, the number of treasury shares resold and the gain or the savings on interest arising from the exercise.

4.4 Working capital

The Proposed Capital Reduction will not have any material effect on the working capital of our Group.

On the other hand, the Proposed Share Buy-Back will result in cash outflow, thereby reducing the working capital of our Group, the quantum of which is dependent on the purchase prices of our Shares and the actual number of Purchased Shares and the cost of funding, if any. Our Board will take into consideration the interests of our Company and our shareholders as well as assess the working capital requirements of our Group prior to undertaking any share buy-back.

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4.5 Directors' and substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on the Directors' and substantial shareholders' shareholdings in our Company.

Assuming the Proposed Share Buy-Back is implemented in full (i.e. 10% of the total number of issued Shares is purchased from shareholders other than the Directors and substantial shareholders of our Company) and all such Purchased Shares are cancelled or retained as treasury shares, the pro forma effects of the Proposed Share Buy-Back on the shareholdings of the Directors and substantial shareholders of our Company are set out in the table below:

		As at the LPD				After the Proposed Share Buy-Back			
		Direct		Indirect		Direct		Indirect	
		No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾
YBhg Dato' Sri Roushan Arumugam	Director	790	0.04	37,441 ⁽³⁾	1.86	790	0.04	37,441 ⁽³⁾	2.07
YBhg Dato' Dr Zaha Rina Zahari	Director	4,500	0.22	-	-	4,500	0.25	-	-
Dr Kenneth Gerard Pereira	Director and substantial shareholder	70,785	3.52	108,773 ⁽⁴⁾	5.41	70,785	3.91	108,773 ⁽⁴⁾	6.01
Hibiscus Upstream Sdn Bhd	Substantial shareholder	108,773	5.41	-	-	108,773	6.01	-	-
Polo Investments Limited	Substantial shareholder	138,900	6.90	-	-	138,900	7.67	-	-
YBhg Datuk Michael Tang Vee Mun	Substantial shareholder	-	-	214,359 ⁽⁵⁾	10.65	-	-	214,359 ⁽⁵⁾	11.84
Mettiz Capital Limited	Substantial shareholder	-	-	138,900 ⁽⁶⁾	6.90	-	-	138,900 ⁽⁶⁾	7.67
Polo Resources Limited	Substantial shareholder	-	-	138,900 ⁽⁶⁾	6.90	-	-	138,900 ⁽⁶⁾	7.67

Notes:

- (1) Based on the issued share capital of our Company of 2,012,418,743 Shares.
- (2) Based on the issued share capital of our Company of 1,811,176,869 Shares.
- (3) Deemed interest by virtue of his interest in Littleton Holdings Pte Ltd pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of his interest in Polo Investments Limited and Mettiz Capital Sdn Bhd pursuant to Section 8 of the Act.
- (6) Deemed interest by virtue of their interest in Polo Investments Limited pursuant to Section 8 of the Act.

4.6 Convertible securities

As at the LPD, save as disclosed below, our Company does not have any other existing convertible securities:

- (i) Outstanding of 2,193,880 RCPS. These RCPS are no longer convertible into new Shares as the conversion events in relation to the pre-listing events of our Company have lapsed and are no longer applicable. However, these RCPS remain to be redeemable at the option of the holder on any date after 25 July 2011, being the date of listing of our Company.

For the avoidance of doubt, the Proposals would not give rise to any adjustments to the RCPS.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained from:

- (i) the shareholders of Hibiscus Petroleum at our forthcoming EGM; and
- (ii) any other relevant authorities and/or parties, if required.

6. CONDITIONALITY OF THE PROPOSALS

The Proposed Capital Reduction and the Proposed Share Buy-Back are inter-conditional. The Proposals are not conditional upon any other corporate exercise of our Company.

7. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (being the subject matter of this Circular), there are no other corporate exercises which have been announced by our Company but are pending completion as at the date of this Circular.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage shareholdings and voting rights associated with the shareholdings as a consequence of the Proposed Share Buy-Back, none of our Directors, major shareholder, chief executive of our Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposals.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered and deliberated on all aspects of the Proposals, including the rationale and effects, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Share Buy-Back and the special resolution pertaining to the Proposed Capital Reduction to be tabled at our forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals set out in Section 5 above being obtained, our Board expects the Proposed Capital Reduction to be completed by the 1st quarter of 2023.

11. EGM

We will hold a virtual EGM, the notice of which is enclosed in this Circular at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 1 December 2022 at 11.00 a.m. or immediately following the conclusion of the 12th Annual General Meeting of our Company to be held at the same venue at 9.30 a.m. on the same day or at any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM.

If you are unable to attend and vote at the EGM, please complete and return the enclosed Form of Proxy for the EGM to the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not later than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The Form of Proxy may also be electronically submitted via TIIH Online at <https://tiah.online>. Please refer to the Administrative Guide on the conduct of this EGM for further details. The completion and the return of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

12. FURTHER INFORMATION

You are requested to refer to the enclosed appendix for further information.

Yours faithfully
for and on behalf of the Board of
Hibiscus Petroleum Berhad

Zainul Rahim bin Mohd Zain
Non-Independent Non-Executive Chairman

ADDITIONAL INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. They confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular misleading.

2. MATERIAL COMMITMENTS

Save as disclosed below, as at 30 June 2022, being the date of the latest audited financial statements of our Group, our Group does not have any other material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group:

	<u>RM'000</u>
<u>Approved and contracted for:</u>	
Group's capital commitments	123,006
Share of a joint operation's capital commitments	<u>566</u>
Total capital commitments approved and contracted for	123,572
Share of a joint operation's other material commitments	<u>32,571</u>
	<u>156,143</u>

3. CONTINGENT LIABILITIES

As at 30 June 2022, being the date of the latest audited financial statements of our Group, there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group.

4. MATERIAL CONTRACT

Save as disclosed below, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the two years immediately preceding the date of this Circular:

- (i) Peninsula Hibiscus had on 1 June 2021, entered into a conditional sale and purchase agreement with Repsol Exploración, S.A. for the acquisition by Peninsula Hibiscus of the entire issued share capital of FIPC for a cash consideration of USD212.5 million. The acquisition was completed on 24 January 2022.

5. MATERIAL LITIGATION

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

6. CONSENT

CIMB, being our Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection during normal business hours at the registered office of our Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, from Mondays to Fridays (except public holidays) from the date of this Circular up to the time stipulated for the holding of the EGM:

- (i) our constitution;
- (ii) our audited consolidated financial statements for FYE 30 June 2021 and 2022;
- (iii) the material contract referred to in Section 4 of this Appendix; and
- (iv) the letter of consent referred to in Section 6 of this Appendix.

In addition, a copy of the solvency statement signed by our Directors in relation to the Proposed Capital Reduction will be accessible for inspection via <https://ir2.chartnexus.com/hibiscuspetroleum/docs/circular/PCR-Solvency-Statement.pdf> throughout the duration of our forthcoming EGM in compliance with Section 117(6)(a) of the Act.

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HIBISCUS PETROLEUM BERHAD

Registration Number: 200701040290 (798322-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or "**Company**") will be held via a virtual platform at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 1 December 2022 at 11.00 a.m. or immediately following the conclusion of the 12th Annual General Meeting of the Company to be held at the same venue at 9.30 a.m. on the same day or at any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, to pass the following resolutions (with or without modifications):

ORDINARY RESOLUTION

PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED SHARE BUY-BACK")

"**THAT**, subject to and conditional upon the passing of and completion of the Special Resolution below, the Companies Act 2016 ("**Act**"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and all other applicable laws, rules, regulations, orders, guidelines and requirements, the Company be and is hereby authorised to purchase such number of the issued ordinary shares of the Company ("**Shares**") as may be determined by the Board of Directors of Hibiscus Petroleum ("**Board**") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit, necessary and expedient in the best interest of the Company, provided that:

- (a) the maximum aggregate number of Shares which may be purchased by the Company or held as treasury shares shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the total amount of retained profits of the Company; and
- (c) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until:
 - (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of the purchase(s) by the Company of its own Shares before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and/or any applicable laws, rules, regulations, orders, guidelines and/or requirements issued by Bursa Securities and/or any other relevant authorities.

THAT, upon completion of the purchase by the Company of its own Shares, the Board be and is hereby authorised to deal with the Shares so purchased ("**Purchased Shares**") in their absolute discretion in the following manner:

- (a) cancel all or part of the Purchased Shares; or
- (b) retain all or part of the Purchased Shares as treasury shares; or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares; or
- (d) deal with the treasury shares in such other manner as allowed under the Act, Listing Requirements and/or applicable laws, rules, regulations, orders, guidelines and/or requirements of any relevant authorities.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and to execute, sign, deliver and cause to be delivered for and 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 Board may consider necessary, expedient and/or relevant to finalise, implement, give full effect to and complete the Proposed Share Buy-Back with full powers to assent to any conditions, terms, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities or as the Board may in their discretion deem fit, necessary, expedient or relevant and to do all such acts and things as the Board may consider necessary or expedient in the best interest of the Company."

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY OF RM800 MILLION PURSUANT TO SECTION 117 OF THE ACT ("PROPOSED CAPITAL REDUCTION")

"**THAT**, subject to and conditional upon the passing of the Ordinary Resolution above, the approvals from the relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act being obtained, the Company be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM800 million and for the credit arising from such cancellation to be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings account of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to execute, sign, deliver and cause to be delivered for and 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 Board may consider necessary, expedient and/or relevant to finalise, implement, give full effect to and complete the Proposed Capital Reduction with full powers to assent to any conditions, terms, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities or as the Board may in their discretion deem fit, necessary, expedient or relevant and to do all such acts and things as the Board may consider necessary or expedient in the best interest of the Company."

By Order of the Board
HIBISCUS PETROLEUM BERHAD

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)
Tan Ai Ning (MAICSA 7015852) (SSM PC No. 202008000067)
Secretaries

Selangor Darul Ehsan
31 October 2022

Notes:

1. *The Securities Commission Malaysia had on 7 April 2022 issued a Revised Guidance Note on the Conduct of General Meetings for Listed Issuers (“**Revised Guidance Note**”) stating various modes of conducting general meetings to align with the “Transition to Endemic” phase and the requirements under the prevailing and applicable Standard Operating Procedure (SOP) issued by Majlis Keselamatan Negara (MKN) and the Ministry of Health (MOH). The Revised Guidance Note allows listed issuers to continue leveraging technology to conduct their general meetings in line with the recommendation stated under Practice 13.3 of the Malaysian Code on Corporate Governance. In line with the Malaysian Government’s directive and the Revised Guidance Note, the EGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (“**TIIH**”) as the Poll Administrator for this EGM to facilitate the RPV via TIIH Online website at <https://tiih.online>. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for this EGM.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which requires the Chair of the meeting to be present at the main venue. Members/proxies are **NOT** to be physically present at the Broadcast Venue on the day of this EGM.*
3. *For purposes of determining who shall be entitled to attend this EGM in accordance with Clauses 72(b) and 72(c) of the Company’s Constitution 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 23 November 2022 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote via RPV at this EGM.*
4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the EGM via RPV. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the EGM via RPV shall have the same right as a member to speak (in the form of real time submission of typed texts) at the EGM.*
5. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
6. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 (Exempt Authorised Nominee) which holds Ordinary Shares in the Company for multiple beneficial owners in one (1) 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 more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
7. *A member who has appointed a proxy or attorney or authorised representative to attend and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.*
Please follow the procedures for RPV set out in the Administrative Guide.
8. *For members who wish to appoint a proxy, the appointment of a proxy may be made in hard copy form or by electronic means.*

Proxy Forms must be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned 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 Chair of the meeting as his/their proxy, provided always

that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s):

- (i) *In hard copy form*
 - (a) *To be valid, the Form of Proxy duly completed must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's address at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.*
 - (b) *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.*
 - (ii) *Via Tricor Online System (TIIH Online). The Proxy Form can be electronically submitted via TIIH Online at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide.*
9. *Pursuant to paragraph 8.29A of the Listing Requirements, all resolutions set out in the Notice of this EGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the poll results.*

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak (in the form of real time submission of typed texts) and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORM OF PROXY



Hibiscus Petroleum Berhad

Registration Number: 200701040290 (798322-P)

CDS Account No.:

*I/We _____

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

of _____

_____ Email Address _____ Mobile Phone No. _____

being a member of **HIBISCUS PETROLEUM BERHAD** (“**HIBISCUS PETROLEUM**” or “**Company**”)

hereby appoint _____

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

_____ Email Address _____ Mobile Phone No. _____

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

of _____

_____ Email Address _____ Mobile Phone No. _____

or failing him/her, the CHAIR OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the Extraordinary General Meeting (“**EGM**”) of the Company to be held via a virtual platform at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“**Broadcast Venue**”) on Thursday, 1 December 2022 at 11.00 a.m. or immediately following the conclusion of the 12th Annual General Meeting of the Company to be held at the same venue at 9.30 a.m. on the same day or at any adjournment thereof, whichever is later, on the following resolutions (with or without modifications) referred to in the Notice of the EGM by indicating an “**X**” in the space provided below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution - Proposed Share Buy-Back		
Special Resolution - Proposed Capital Reduction		

Dated this _____ day of _____ 2022

Signature / Common Seal	
No. of Shares held	

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



Notes:

1. *The Securities Commission Malaysia had on 7 April 2022 issued a Revised Guidance Note on the Conduct of General Meetings for Listed Issuers (“**Revised Guidance Note**”) stating various modes of conducting general meetings to align with the “Transition to Endemic” phase and the requirements under the prevailing and applicable Standard Operating Procedure (**SOP**) issued by Majlis Keselamatan Negara (**MKN**) and the Ministry of Health (**MOH**). The Revised Guidance Note allows listed issuers to continue leveraging technology to conduct their general meetings in line with the recommendation stated under Practice 13.3 of the Malaysian Code on Corporate Governance. In line with the Malaysian Government’s directive and the Revised Guidance Note, the EGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (“**TIIH**”) as the Poll Administrator for this EGM to facilitate the RPV via TIIH Online website at <https://tiih.online>. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for this EGM.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which requires the Chair of the meeting to be present at the main venue. Members/proxies are **NOT** to be physically present at the Broadcast Venue on the day of this EGM.*
3. *For purposes of determining who shall be entitled to attend this EGM in accordance with Clauses 72(b) and 72(c) of the Company’s Constitution 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 23 November 2022 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote via RPV at this EGM.*
4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the EGM via RPV. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the EGM via RPV shall have the same right as a member to speak (in the form of real time submission of typed texts) at the EGM.*
5. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
6. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 (Exempt Authorised Nominee) which holds Ordinary Shares in the Company for multiple beneficial owners in one (1) 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 more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
7. *A member who has appointed a proxy or attorney or authorised representative to attend and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.*
Please follow the procedures for RPV set out in the Administrative Guide.
8. *For members who wish to appoint a proxy, the appointment of a proxy may be made in hard copy form or by electronic means.*

Proxy Forms must be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned 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 Chair of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s):

(i) *In hard copy form*

(a) *To be valid, the Form of Proxy duly completed must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's address at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.*

(b) *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.*

(ii) *Via Tricor Online System (TIIH Online). The Proxy Form can be electronically submitted via TIIH Online at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide.*

9. *Pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of this EGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the poll results.*

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 31 October 2022.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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