

## PROSPECTUS

**HIBISCUS PETROLEUM BERHAD** (Company No.: 798322-P)

Second Floor, Tower Block  
Syed Kechik Foundation Building  
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Malaysia  
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**HIBISCUS PETROLEUM BERHAD**  
(Company No.: 798322-P)  
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF BETWEEN 200,000,000 AND UP TO 400,000,000 NEW ORDINARY SHARES OF RM0.01 EACH IN OUR COMPANY ("PUBLIC ISSUE SHARES"), TOGETHER WITH BETWEEN 200,000,000 AND UP TO 400,000,000 FREE DETACHABLE WARRANTS ("WARRANTS-A") ON THE BASIS OF 1 WARRANT-A FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.75 PER PUBLIC ISSUE SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- BETWEEN 190,000,000 AND UP TO 390,000,000 PUBLIC ISSUE SHARES TOGETHER WITH BETWEEN 190,000,000 AND UP TO 390,000,000 WARRANTS-A ON THE BASIS OF 1 WARRANT-A FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED BY WAY OF PLACEMENT TO SELECTED INVESTORS;
- 10,000,000 PUBLIC ISSUE SHARES TOGETHER WITH 10,000,000 WARRANTS-A ON THE BASIS OF 1 WARRANT-A FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

*Principal Adviser, Placement Agent and Underwriter*



*Custodian*

**Deutsche Trustees Malaysia Berhad (763590-H)**

Deutsche Bank Group



**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE 37 FOR "RISK FACTORS".**

**WE ARE A SPECIAL PURPOSE ACQUISITION COMPANY. WE CURRENTLY HAVE NO OPERATIONS OR INCOME-GENERATING BUSINESS. INVESTING IN OUR SECURITIES MAY BE OF HIGH INVESTMENT RISK.**

**THIS PROSPECTUS IS DATED 30 JUNE 2011**

### RESPONSIBILITY STATEMENTS

OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE AND/OR MISLEADING.

HONG LEONG INVESTMENT BANK BERHAD, BEING OUR PRINCIPAL ADVISER, PLACEMENT AGENT AND UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE (AS HEREINAFTER DEFINED).

### STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, OUR COMPANY OR OUR SECURITIES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE PUBLIC ISSUE OR YOU ARE OR MIGHT BE SUBJECT. NEITHER WE NOR THE PRINCIPAL ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE PUBLIC ISSUE SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF OUR PUBLIC ISSUE, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WE WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION TO IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE PUBLIC ISSUE WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OF MALAYSIA.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE PUBLIC ISSUE WOULD BE IN COMPLIANCE WITH THE TERMS OF THE PUBLIC ISSUE AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE PUBLIC ISSUE IN MALAYSIA. HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

#### **ELECTRONIC PROSPECTUS**

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com).

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (i) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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**INDICATIVE TIMETABLE**

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The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up ordinary share capital and warrants on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) is set out below:

| <b>Event</b>   | <b>Indicative date</b> |
|--|------------------------|
| Opening date of Application for the Public Issue Shares (as defined herein)  | 30 June 2011           |
| Closing date of Application for the Public Issue Shares  | 13 July 2011           |
| Tentative date for balloting of Applications   | 15 July 2011           |
| Tentative date for allotment for the Public Issue Shares and Warrants-A (as defined herein) to successful applicants | 19 July 2011           |
| Tentative listing date   | 25 July 2011           |

Save for the opening date of the application for the Public Issue, these dates are tentative and are subject to changes which may be necessary to facilitate implementation procedures.

Applications will be accepted from 10.00 a.m. on 30 June 2011 and will remain open until 5.00 p.m. on 13 July 2011 or such later date or dates our Board of Directors and Hong Leong Investment Bank Berhad at their absolute discretion may jointly decide.

Our Directors may decide, at their absolute discretion to extend the closing date of the Applications to a later date. Should the closing date of the Applications be extended, the dates for the balloting, allotment and listing of our entire enlarged issued and paid-up ordinary share capital and warrants on the Main Market of Bursa Securities might be extended accordingly. We will notify all parties via an advertisement in a widely circulated English and Bahasa Malaysia newspaper in Malaysia in the event there is an extension of time on the closing date of the Applications.

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**DEFINITIONS**


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Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Prospectus:

|   |   |  |
|---|---|--|
| “Act”   | : | Companies Act, 1965 as amended from time to time and any re-enactment thereof  |
| “ADA”   | : | Authorised Depository Agent  |
| “AGM”   | : | Annual general meeting   |
| “Application(s)”  | : | Application(s) for the Public Issue Shares by way of Application Forms, Electronic Share Application or Internet Share Application                                 |
| “Application Form(s)”                                     | : | The printed Application Form(s) for application for the Public Issue Shares  |
| “Articles of Association”                                 | : | The articles of association of our Company as may be amended from time to time   |
| “ATM”   | : | Automated Teller Machine   |
| “Authorised Financial Institution(s)”                     | : | Authorised financial institution(s) participating in the Internet Share Application in respect of the payments for the Public Issue Shares                         |
| “Board ” or “our Board”                                   | : | Board of Directors of Hibiscus Petroleum   |
| “Bursa Depository” or “Depository”                        | : | Bursa Malaysia Depository Sdn Bhd  |
| “Bursa Securities” or “Exchange”                          | : | Bursa Malaysia Securities Berhad   |
| “Capitalisation of Initial Investors’ Utilisation Amount” | : | Capitalisation of the Initial Investors’ Utilisation Amount into 6,666,667 new Shares together with 6,666,667 Warrants-A at an issue price of RM0.45 per new Share |
| “Cash Trust Assets”                                       | : | All cash monies derived from or attributable to the IPO Trust Proceeds and (if applicable) the Subsequent Rights Issue Trust Proceeds                              |
| “CDS”   | : | Central Depository System  |
| “CEO”   | : | Chief Executive Officer  |
| “CFO”   | : | Chief Financial Officer  |
| “CMSA”  | : | Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof   |
| “Custodian”   | : | Deutsche Trustees Malaysia Berhad  |
| “Custodian Agreement”                                     | : | Custodian agreement dated 9 June 2011 between our Company and the Custodian  |
| “Deed of Accession”                                       | : | Deed of Accession dated 11 March 2011 entered into by our Non-Independent Directors, our Management Team, Hibiscus Ventures Sdn Bhd and Hibiscus Upstream          |

**DEFINITIONS (Cont'd)**

|  |   |  |
|--|---|--|
| “Derivative Assets”                          | : | The securities, rights, benefits, advantages, dividends, interest, accretions or other property whether of a capital or income nature accruing, offered, issued or deriving at any time by way of dividend, interest, bonus, redemption, exchange, purchase, substitution, conversion, consolidation, sub-division, preference option or otherwise in connection with, or attributable to, any of the Trust Property (including, but not limited to, any part thereof) |
| “Directors”                                  | : | The Board of Directors of Hibiscus Petroleum   |
| “Dissenting Shareholder(s)”                  | : | Shareholders who vote against the Qualifying Acquisition at the EGM convened to consider the Qualifying Acquisition  |
| “E&P”  | : | Exploration and Production   |
| “EGM”  | : | Extraordinary general meeting  |
| “Electronic Share Application”               | : | An application for the Public Issue Shares through a Participating Financial Institution’s ATM   |
| “FPE”  | : | Financial period ended   |
| “FYE”  | : | Financial year(s) ended  |
| “Geo Distinction”                            | : | Geo Distinction Sdn Bhd  |
| “Hibiscus Petroleum” or “our Company”        | : | Hibiscus Petroleum Berhad  |
| “Hibiscus Upstream”                          | : | Hibiscus Upstream Sdn Bhd (formerly known as Hibiscus Upstream Technologies Sdn Bhd), a special purpose vehicle set up to hold Shares and Warrants-B on behalf of our non-Independent Directors and our Management Team  |
| “Hibiscus Upstream Shareholders’ Agreement”  | : | Shareholders’ Agreement dated 20 December 2010 entered into by Dr Rabi Narayan Bastia and our Management Team with Hibiscus Upstream   |
| “Hibiscus Upstream Share(s)”                 | : | Ordinary share(s) of RM1.00 each in Hibiscus Upstream  |
| “HLIB”                                       | : | Hong Leong Investment Bank Berhad  |
| “Independent Directors”                      | : | The independent directors of our Company, namely Zainol Izzet bin Mohamed Ishak and Datin Sunita Mei-Lin Rajakumar as at the date of this Prospectus   |
| “Initial Investors”                          | : | Investors who invested in our Company prior to the IPO, comprising Geo Distinction, Kelrix, Ivory Matrix and Oriental Miracle, collectively  |
| “Initial Investors’ Shares”                  | : | The Shares subscribed by each of the Initial Investors pursuant to their respective Initial Investors’ Subscription Agreements   |
| “Initial Investors’ Subscription Agreements” | : | The subscription agreements entered into by our Company and each of the Initial Investors in relation to amongst others, the Capitalisation of Initial Investors’ Utilisation Amount and the Subscription by the Initial Investors   |
| “Initial Investors’ Utilisation Amount”      | : | The amount of RM3,000,000 provided by the Initial Investors for utilisation by our Company in accordance with the Utilisation Letters  |

**DEFINITIONS (Cont'd)**

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|-------------------------------|---|---|
| “Interlink”                   | : | Interlink Petroleum Limited, an oil and gas exploration and production company listed on the Mumbai Stock Exchange  |
| “IOSSB”                       | : | Innovative Oilfield Solutions Sdn Bhd   |
| “IPO”                         | : | Initial public offering of the Public Issue Shares  |
| “IPO Investors”               | : | Investors who subscribe for the Public Issue Shares   |
| “IPO Trust Proceeds”          | : | 90% of the gross proceeds raised by our Company in the IPO  |
| “Issue Price”                 | : | RM0.75 per Public Issue Share   |
| “Issuing House” or “EQUINITI” | : | Equiniti Services Sdn Bhd (formerly known as MIDF Consultancy and Corporate Services Sendirian Berhad)  |
| “Ivory Matrix”                | : | Ivory Matrix Sdn Bhd  |
| “Kelrix”                      | : | Kelrix Sdn Bhd  |
| “LAT”                         | : | Loss after taxation   |
| “Liquidation Amount”          | : | Amount held in the Trust Account, net of any taxes payable and expenses related to the Liquidation Distribution   |
| “Liquidation Distribution”    | : | Liquidation of our Company and the return of the Liquidation Amount to relevant shareholders upon the expiry of the Permitted Timeframe without completion of any Qualifying Acquisition by our Company   |
| “Listing”                     | : | Admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire issued and paid-up ordinary share capital comprising between 277,792,422 and up to 527,772,422 Shares together with between 222,222,222 and 422,222,222 Warrants-A on the Main Market of Bursa Securities |
| “Listing Requirements”        | : | Main Market Listing Requirements of Bursa Securities, as amended from time to time  |
| “LPD”                         | : | 23 May 2011, being the latest practicable date prior to printing of this Prospectus   |
| “Management Team”             | : | The management team of our Company, presently comprising Dr Kenneth Gerard Pereira, Dr Pascal Josephus Petronella Hos, Ir Mohd Iwan Jefry bin Abdul Majid and Joyce Theresa Sunita Vasudevan and such other relevant future employees of our Company (if any) as referred to under the SC Guidelines                            |
| “Market Day”                  | : | A day when Bursa Securities is open for trading   |
| “Maximum Subscription”        | : | The scenario whereby a maximum subscription for 400,000,000 Public Issue Shares is received pursuant to the maximum offering of 400,000,000 Public Issue Shares   |
| “Minimum Subscription”        | : | The scenario whereby a minimum subscription for 200,000,000 Public Issue Shares is received pursuant to the minimum offering of 200,000,000 Public Issue Shares   |
| “NA”                          | : | Net assets  |
| “NL”                          | : | Net liabilities   |

**DEFINITIONS (Cont'd)**

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|--|---|--|
| “Non-Cash Trust Assets”                  | : | All the properties, rights, capital and income (other than Cash Trust Assets) attributable to, or derived from, the IPO Trust Proceeds and (if applicable), the Subsequent Rights Issue Trust Proceeds   |
| “Non-Entitlement Obligations”            | : | Comprising the non-entitlement to the Qualifying Acquisition Share Repurchase and non-entitlement to the Liquidation Distribution imposed on Hibiscus Upstream (including, where applicable, persons connected to our Management Team and Non-Independent Directors) and the Initial Investors   |
| “Non-Independent Directors”              | : | The Non-Independent Directors of our Company, namely Zainul Rahim bin Mohd Zain and Dr Rabi Narayan Bastia as at the date of this Prospectus   |
| “Non-Participation Obligations”          | : | Comprising the Non-Voting Obligation and the Non-Entitlement Obligations   |
| “Non-Voting Obligation”                  | : | The non-voting obligation on a resolution approving the Qualifying Acquisition imposed on Hibiscus Upstream (including, where applicable, persons connected to our Management Team and Non-Independent Directors)  |
| “Oriental Miracle”                       | : | Oriental Miracle Sdn Bhd   |
| “PAT”                                    | : | Profit after taxation  |
| “Participating Financial Institution(s)” | : | Participating financial institution(s) for the Electronic Share Applications as listed in Section 13 of this Prospectus  |
| “Permitted Investments”                  | : | Securities issued by the Malaysian government, money-market instruments and AAA-rated papers   |
| “Permitted Timeframe”                    | : | 36 months from the date of Listing   |
| “Pre-IPO Events”                         | : | Comprising Tranche 1 Conversion of RCPS, Capitalisation of Initial Investors’ Utilisation Amount and Subscription by the Initial Investors   |
| “Promoters”                              | : | The promoters of our Company comprising Dr Kenneth Gerard Pereira, Dr Pascal Josephus Petronella Hos, Ir Mohd Iwan Jefry bin Abdul Majid and Joyce Theresa Sunita Vasudevan who exercise significant influence in making strategic decisions of our Company  |
| “Prospectus”                             | : | This Prospectus dated 30 June 2011 issued by our Company   |
| “Public Issue”                           | : | The public issue of between 200,000,000 and up to 400,000,000 Public Issue Shares together with between 200,000,000 and up to 400,000,000 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed, at the Issue Price   |
| “Public Issue Share(s)”                  | : | Between 200,000,000 and up to 400,000,000 new Shares to be issued pursuant to the Public Issue subject to the terms and conditions of this Prospectus  |
| “Qualifying Acquisition”                 | : | As described in the SC Guidelines, one or more initial acquisition of assets and/or business by the Company which has an aggregate fair market value equal to at least 80% of the aggregate amount then standing in the balance of the Trust Account, such acquisition(s) being in line with the business strategy of our Company, as described in Section 5.2 of this Prospectus. |

**DEFINITIONS (Cont'd)**

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|---|---|---|
| “Qualifying Acquisition Share Repurchase” | : | The repurchase by our Company of Shares held by Dissenting Shareholders   |
| “RCPS”                                    | : | Redeemable Convertible Preference Shares in our Company as described in Section 3.3.2 of this Prospectus  |
| “RM” and “sen”                            | : | Ringgit Malaysia and sen, respectively  |
| “SC”                                      | : | Securities Commission   |
| “SC Guidelines”                           | : | The Equity Guidelines issued by the SC  |
| “Share(s)”                                | : | Ordinary share(s) of RM0.01 each in our Company   |
| “SPAC”                                    | : | Special purpose acquisition company   |
| “SPAC Custodian”                          | : | A custodian duly qualified and able to act as a custodian for a SPAC in accordance with the SC Guidelines   |
| “SPAC Moratorium”                         | : | Moratorium on the sale, transfer or assignment of all the securities in our Company held from the Listing until the completion of the Qualifying Acquisition as described in Section 8.2.1 of this Prospectus   |
| “Subdivision of Shares”                   | : | Subdivision of every 1 ordinary share of RM1.00 each in our Company into 100 Shares   |
| “Subscription by Hibiscus Upstream”       | : | Subscription of 10,555,000 RCPS at a subscription price of RM0.10 per RCPS by Hibiscus Upstream   |
| “Subscription by the Initial Investors”   | : | Subscription of 15,555,555 new Shares together with 15,555,555 Warrants-A at a subscription price of RM0.45 per new Share and Warrant-A by the Initial Investors prior to the IPO   |
| “Subsequent Rights Issue Trust Proceeds”  | : | 90% of the gross proceeds raised by our Company in each rights issue of securities undertaken by our Company prior to the completion of the Qualifying Acquisition, if any  |
| “Tranche 1 Conversion of RCPS”            | : | Conversion of 5,557,000 RCPS by Hibiscus Upstream into 55,570,000 new Shares together with 55,570,000 Warrants-B resulting in Hibiscus Upstream holding 20% in the enlarged issued and paid-up ordinary share capital of our Company under the Minimum Subscription                       |
| “Tranche 2 Conversion of RCPS”            | : | Conversion of such number of RCPS by Hibiscus Upstream into new Shares and Warrants-B such that it will hold 20% of the enlarged issued and paid-up ordinary share capital of our Company under the Maximum Subscription  |
| “Trust Account”                           | : | A trust account maintained with a licensed bank or merchant bank, as defined in the Banking and Financial Institutions Act 1989, by the Custodian to hold and deal with part of the IPO Trust Proceeds on behalf of the Company, for purposes of and in accordance with the SC Guidelines |
| “Trust Property”                          | : | Comprising the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds (if any) and the Derivative Assets (including but not limited to the Non-Cash Trust Assets and the Cash Trust Assets)   |
| “UK”                                      | : | United Kingdom  |

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**DEFINITIONS (Cont'd)**

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|--------------------------|---|--|
| “Underwriter”            | : | HLIB   |
| “Underwriting Agreement” | : | Conditional underwriting agreement dated 10 June 2011 between our Company, and the Underwriter to underwrite 10,000,000 Public Issue Shares which are available for application by the Malaysian public                      |
| “USA”                    | : | United States of America   |
| “USD”                    | : | United States Dollar   |
| “Utilisation Letters”    | : | The letters dated 8 November 2010, 28 December 2010 and 25 February 2011 issued by our Company and confirmed by the respective Initial Investors in relation to our utilisation of the Initial Investors’ Utilisation Amount |
| “Warrant(s)”             | : | The Warrant(s)-A and Warrant(s)-B, collectively  |
| “Warrant(s)-A”           | : | Free detachable warrant(s) in our Company to be issued to Initial Investors and to IPO Investors   |
| “Warrants-A Deed Poll”   | : | The deed poll constituting the Warrants-A  |
| “Warrant(s)-B”           | : | Free detachable warrant(s) in our Company to be issued to Hibiscus Upstream  |
| “Warrants-B Deed Poll”   | : | The deed poll constituting the Warrants-B  |

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include natural persons, firms, companies, bodies corporate and corporations, unless otherwise specified.

Any reference in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise stated.

Any references to “our Company” or “the Company” or “Hibiscus Petroleum” in this Prospectus are to Hibiscus Petroleum Berhad (798322-P) and references to “we”, “us”, “our”, and “ourselves” are to our Company. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors and Management Team.

This Prospectus includes statistical data provided by our Management Team and various third parties and cites third-party projections regarding growth and performance of the oil and gas industry. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the oil and gas industry. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management Team for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements expressed or implied by such forward-looking statements to be different. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Company's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could", or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- i. our business strategies;
- ii. plans and objectives of our Management Team for future operations; and
- iii. our financial position.

Our actual performance or achievements may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- i. the economic, political and investment environment in Malaysia and globally;
- ii. government policy, legislation and regulation;
- iii. the competitive environment in our industry; and
- iv. any other factors beyond our control.

Additional factors that could cause our actual performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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**1. CORPORATE INFORMATION****BOARD OF DIRECTORS**

| <b>Name</b>   | <b>Address</b>  | <b>Occupation</b>                   | <b>Nationality</b> |
|---|---|-------------------------------------|--------------------|
| Zainul Rahim bin Mohd Zain<br><i>(Non-Independent Non-Executive Chairman)</i> | A-12-5 La Grande Kiara<br>11 Jalan Duta Kiara<br>Mont Kiara<br>50480 Kuala Lumpur               | Director                            | Malaysian          |
| Dr Kenneth Gerard Pereira<br><i>(Managing Director)</i>                       | 34 Jalan 14/30<br>46100 Petaling Jaya<br>Selangor   | Managing Director                   | Malaysian          |
| Dr Rabi Narayan Bastia<br><i>(Non-Independent Non-Executive Director)</i>     | 603/604 B-Wing<br>Willows Twin Tower<br>Off LBS Marg Mulund<br>(West) Mumbai – 400 080<br>India | Head of Exploration Management Team | Indian             |
| Zainol Izzet bin Mohamed Ishak<br><i>(Independent Non-Executive Director)</i> | 29 Jalan Sri Hartamas 4<br>Taman Sri Hartamas<br>50480 Kuala Lumpur                             | Managing Director                   | Malaysian          |
| Datin Sunita Mei-Lin Rajakumar<br><i>(Independent Non-Executive Director)</i> | 22 Jalan Kent 1<br>Jalan Semarak<br>54000 Kuala Lumpur  | Director                            | Malaysian          |

**AUDIT COMMITTEE**

| <b>Name</b>                    | <b>Designation</b> | <b>Directorship</b>                    |
|--------------------------------|--------------------|--|
| Datin Sunita Mei-Lin Rajakumar | Chairman           | Independent Non-Executive Director     |
| Zainul Rahim bin Mohd Zain     | Member             | Non-Independent Non-Executive Chairman |
| Zainol Izzet bin Mohamed Ishak | Member             | Independent Non-Executive Director     |

**REMUNERATION COMMITTEE**

| <b>Name</b>                    | <b>Designation</b> | <b>Directorship</b>                    |
|--------------------------------|--------------------|--|
| Zainul Rahim bin Mohd Zain     | Chairman           | Non-Independent Non-Executive Chairman |
| Datin Sunita Mei-Lin Rajakumar | Member             | Independent Non-Executive Director     |
| Zainol Izzet bin Mohamed Ishak | Member             | Independent Non-Executive Director     |

**1. CORPORATE INFORMATION (Cont'd)****NOMINATION COMMITTEE**

| <b>Name</b>                    | <b>Designation</b> | <b>Directorship</b>                    |
|--------------------------------|--------------------|--|
| Zainol Izzet bin Mohamed Ishak | Chairman           | Independent Non-Executive Director     |
| Zainul Rahim bin Mohd Zain     | Member             | Non-Independent Non-Executive Chairman |
| Datin Sunita Mei-Lin Rajakumar | Member             | Independent Non-Executive Director     |

**COMPANY SECRETARY** : Lim Hooi Mooi (MAICSA 0799764)  
 Tan Bee Hwee (MAICSA 7021024)  
 Level 18, The Gardens North Tower  
 Mid Valley City, Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel no: 03-2264 8888  
 Fax no: 03-2282 2733

**REGISTERED OFFICE** : Level 18, The Gardens North Tower  
 Mid Valley City, Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel no: 03-2264 8888  
 Fax no: 03-2282 2733

**HEAD/MANAGEMENT OFFICE** : Second Floor, Tower Block  
 Syed Kechik Foundation Building  
 Jalan Kapas, Bangsar  
 59100 Kuala Lumpur  
 Tel no: 03-2092 1300  
 Fax no: 03-2092 1301  
 Email: joyce@hibiscuspetroleum.com  
 Website: www.hibiscuspetroleum.com

**AUDITORS/REPORTING ACCOUNTANTS** : Crowe Horwath  
 Level 16 Tower C, Megan Avenue II  
 12 Jalan Yap Kwan Seng  
 50450 Kuala Lumpur  
 Tel no: 03-2166 0000  
 Fax no: 03-2166 9200

**SOLICITORS FOR THE LISTING EXERCISE** : Murad Yee Partnership  
 N-2-10, Plaza Damas  
 60, Jalan Sri Hartamas 1  
 50480 Kuala Lumpur  
 Tel no: 03-6201 9890  
 Fax no: 03-6201 0890

**PRINCIPAL BANKER** : RHB Bank Berhad  
 Lot No. G-01, Ground Floor  
 Bangsar Shopping Centre Office Tower  
 Jalan Maarof, Bangsar  
 59100 Kuala Lumpur  
 Tel no: 03-2284 6870  
 Fax no: 03-2284 6896

**1. CORPORATE INFORMATION (Cont'd)**

|   |   |  |
|---|---|--|
| <b>ISSUING HOUSE</b>  | : | Equiniti Services Sdn Bhd (formerly known as MIDF Consultancy and Corporate Services Sendirian Berhad)<br>Level 8, Menara MIDF<br>82 Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel no: 03-2166 0933<br>Fax no: 03-2166 0688 |
| <b>SHARE REGISTRAR</b>  | : | Tricor Investor Services Sdn Bhd<br>Level 17, The Gardens North Tower<br>Mid Valley City<br>Lingkaran Syed Putra<br>59200 Kuala Lumpur<br>Tel no: 03-2264 3883<br>Fax no: 03-2282 1886                                       |
| <b>CUSTODIAN</b>  | : | Deutsche Trustees Malaysia Berhad<br>Level 20, Menara IMC<br>8 Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel no: 03-2053 7525<br>Fax no: 03-2053 7526   |
| <b>PRINCIPAL ADVISER,<br/>PLACEMENT AGENT AND<br/>UNDERWRITER</b> | : | Hong Leong Investment Bank Berhad<br>Level 23, Menara HLA<br>No. 3, Jalan Kia Peng<br>50450 Kuala Lumpur<br>Tel no: 03-2168 1168<br>Fax no: 03-2164 8880   |
| <b>STOCK EXCHANGE LISTING<br/>SOUGHT</b>                          | : | Main Market of Bursa Securities  |

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## 2. SUMMARY INFORMATION

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**This is a summary of the salient information in the Prospectus. It may not contain all the information that may be important to you. You should read and understand the entire Prospectus carefully before you decide to invest in our Company.**

### 2.1 OUR BUSINESS

We intend to list on the Main Market of Bursa Securities as a SPAC. SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purposes of raising funds to acquire operating companies, businesses or assets, otherwise known as qualifying acquisition(s).

Whilst we shall commence business as a SPAC listed on the Main Market of Bursa Securities, we intend to establish our Company as a junior independent oil and gas E&P player in the near to medium term. In general, upstream oil and gas activities consist of the exploration, development and production of oil and gas resources.

Initially, our focus will be to identify and acquire the rights to develop small and medium sized oil and gas fields in the South Asia, Middle-East, East Asia and Oceania regions.

Further details of our Company are set out in Sections 5.1 to 5.2 of this Prospectus.

### 2.2 RISK FACTORS

We believe that there are certain risks in relation to the nature of a SPAC and the IPO. These risks are set out in Section 4 of this Prospectus and are summarised below:

#### **Risks Relating to Our Business and Operations**

- (i) We do not have any operating history and, accordingly, you may not have a conventional basis on which to evaluate our ability to achieve our business objective.
- (ii) If we are forced to liquidate before a Qualifying Acquisition and distribute the Trust Account, our public shareholders will receive less than the Issue Price per Share and our Warrants will expire worthless.
- (iii) If we are unable to complete a Qualifying Acquisition, our public shareholders will be forced to wait until after 36 months before receiving the Liquidation Distribution.
- (iv) If the net proceeds of this IPO not held in the Trust Account are insufficient to allow us to operate for at least the next 36 months, we may be unable to complete a Qualifying Acquisition.
- (v) Since we have not yet selected a target company or asset with which to complete a Qualifying Acquisition, we are currently unable to ascertain the merits or risks of the company or asset which we may ultimately operate.
- (vi) Our ability to successfully effect a Qualifying Acquisition and to successfully operate the company or asset thereafter will be dependent upon the efforts of our Management Team.
- (vii) The requirement to undertake the Qualifying Acquisition Share Repurchase may not allow us to undertake the most desirable Qualifying Acquisition or optimise our capital structure.

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**2. SUMMARY INFORMATION (Cont'd)**

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- (viii) We may not be able to complete the acquisition of an attractive target company or asset because of our limited resources and structure.
- (ix) We may be unable to obtain additional financing, if required, to complete a Qualifying Acquisition or to fund the operations and growth of the target company or asset, which could compel us to restructure or abandon a particular Qualifying Acquisition.
- (x) We may only be able to complete 1 Qualifying Acquisition with the proceeds of our IPO, which will cause us to be solely dependent on a single company or asset.
- (xi) If we determine to simultaneously acquire several companies or assets, we will need the acquisitions to be consummated at the same time, thereby making it more difficult for us to complete the acquisitions because of our limited resources and structure.
- (xii) The determination of the Issue Price is more arbitrary compared with the pricing of securities for an operating company.
- (xiii) If we acquire a target company or asset which is located outside of Malaysia, we could be subject to a variety of additional risks that may negatively impact our operations.
- (xiv) Foreign exchange risks.

**Risks Relating to the Oil and Gas Industry**

- (i) Fluctuations in oil and gas prices may cause a reduction in the demand or profitability of the products or services we may ultimately produce or offer.
- (ii) Increases in oil and gas prices or changes in government initiatives, policies and regulations towards the oil and gas industry may affect our ability to complete a Qualifying Acquisition.
- (iii) Government initiatives and policies towards the oil and gas industry may affect the level of oil and gas activities in the targeted regions.
- (iv) Failure to comply with regulations within the oil and gas industry could reduce our profitability following a Qualifying Acquisition and such non-compliance could result in the imposition of penalties, fines or restrictions on operations and remedial liabilities.
- (v) If we are unable to acquire or renew permits and approvals required for our operations following a Qualifying Acquisition, we may be forced to suspend or cease our operations altogether.
- (vi) The oil and gas industry is exposed to exploration risks.
- (vii) The oil and gas industry is exposed to development risks.
- (viii) The oil and gas industry is exposed to production risks.
- (ix) The oil and gas business is reliant on the discovery and production of replacement reserves.
- (x) Our ability to expand will depend on our ability to retain and recruit skilled personnel and professional staff.
- (xi) We are reliant on the infrastructure of third party providers.
- (xii) Changes in technology may render our products or services obsolete following a Qualifying Acquisition.

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**2. SUMMARY INFORMATION (Cont'd)**

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**Risks Relating to the IPO**

- (i) There is no prior market for our Shares and Warrants, and an active market for our Shares and Warrants may not develop after Listing.
- (ii) IPO Investors would face immediate and substantial dilution in the NA per Share after the Public Issue and may experience future dilution.
- (iii) Investment in the capital market exposes the investor to capital market risk.
- (iv) Forward-looking statements may not be reflective of our future prospects.
- (v) Unforeseeable events could result in the delay in Listing or the termination of the Listing exercise.
- (vi) Delay between admission and trading of the Public Issue Shares may result in prolonged delays or the inability for investors to recover monies paid in respect of the Public Issue Shares.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.3 HISTORICAL FINANCIAL INFORMATION

The following tables summarise our historical financial information based on the audited financial statements of our Company since incorporation. The audited financial statements of our Company up to the FYE 31 March 2010 were prepared in accordance with Private Entity Reporting Standards in Malaysia. As the Company has not commenced business operations, there would be no material financial impact on these financial statements if they had been prepared using Financial Reporting Standards in Malaysia. The audited financial statements for the 10-month FPE 31 January 2011 have been prepared in accordance with Financial Reporting Standards in Malaysia.

You should read our audited financial statements in conjunction with the management discussion and analysis of our financial conditions and results of operations as set out in Section 10.2 of this Prospectus and the Reporting Accountants' Letter on the Proforma Statements of Financial Position as set out in Section 10.6 of this Prospectus.

#### 2.3.1 Income Statement

As Hibiscus Petroleum has not commenced business operations since incorporation, it has not generated any revenue and its expenses comprise administrative and other expenses. The summary of the audited income statement of our Company from 5 December 2007 (date of incorporation) to 31 March 2009, the FYE 31 March 2010 and the 10-month FPE 31 January 2011 (together with the unaudited comparative figures for the 10-month FPE 31 January 2010) is as follows:

|   | <-----Audited----->                       |                            | <-Unaudited->   | <-Audited--> |
|---|---|----------------------------|---|--------------|
|   | 5 December 2007<br>to 31 March 2009<br>RM | FYE<br>31 March 2010<br>RM | ← 10-month FPE<br>31 January<br>2010 <sup>(2)</sup><br>RM | → 2011<br>RM |
| Revenue                                       | -   | -                          | -   | -            |
| Other income                                  | -   | -                          | -   | 4,118        |
| Administrative expenses                       | (8,420)                                   | (2,463)                    | (2,463)   | (443,370)    |
| Other expenses                                | -   | -                          | -   | (220,268)    |
| Loss before taxation                          | (8,420)                                   | (2,463)                    | (2,463)   | (659,520)    |
| Income tax expense                            | -   | -                          | -   | -            |
| LAT   | (8,420)                                   | (2,463)                    | (2,463)   | (659,520)    |
| No of ordinary shares of RM1.00 each in issue | 2   | 2                          | 2   | -            |
| No of Shares in issue                         | -   | -                          | -   | 200          |
| Net loss per share                            | (4,210)                                   | (1,232)                    | (1,232)   | (3,298)      |
| Diluted loss per share <sup>(1)</sup>         | *   | *                          | *   | *            |

**Notes:**

- (1) The diluted loss per share after the Public Issue and upon the full conversion of Warrants is less than 0.01 sen for both Minimum Subscription and Maximum Subscription.
- (2) There are no material differences between the audited income statement for the FYE 31 March 2010 and the unaudited 10-month FPE 31 January 2010 as our Company has not commenced business operations.

## 2. SUMMARY INFORMATION (Cont'd)

### 2.3.2 Proforma statements of financial position as at 31 January 2011

The following table sets out the proforma statements of financial position of Hibiscus Petroleum as at 31 January 2011, after adjusting for the IPO and payment of listing expenses, prepared solely for illustrative purposes. The proforma statements of financial position should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Proforma Statements of Financial Position as set out in Section 10.6 of this Prospectus.

#### Minimum Scenario

|                                    | Audited as at<br>31 January 2011<br>RM'000 | Proforma I<br>After Pre-IPO Events<br>RM'000 | Proforma II<br>After Proforma I and<br>Public Issue<br>RM'000 | Proforma III<br>After Proforma II and<br>payment of listing<br>expenses<br>RM'000 | Proforma IV<br>After Proforma III<br>and full exercise<br>of Warrants-B<br>RM'000 | Proforma V<br>After Proforma IV<br>and full exercise of<br>Warrants-A<br>RM'000 |
|------------------------------------|--|--|---|---|---|---|
| <b>Asset</b>                       |  |  |   |   |   |   |
| <b>Current Assets</b>              |  |  |   |   |   |   |
| Prepayments                        | 377  | 377  | 377   | 6   | 6   | 6   |
| Fixed deposit with a licensed bank | 2,003                                      | 2,003  | 2,003   | 2,003   | 2,003   | 2,003   |
| Cash and bank balances             | 690  | 8,290  | 158,290   | 152,861   | 158,418   | 269,529   |
| <b>Total Asset</b>                 | <b>3,070</b>                               | <b>10,670</b>                                | <b>160,670</b>  | <b>154,870</b>  | <b>160,427</b>  | <b>271,538</b>  |
| <b>Equity and Liability</b>        |  |  |   |   |   |   |
| <b>Equity</b>                      |  |  |   |   |   |   |
| Share capital                      | *  | 778  | 2,778   | 2,778   | 3,334   | 5,556   |
| Share premium                      | -  | 3,111  | 91,111  | 85,728  | 90,729  | 266,285   |
| Warrant reserves                   | -  | 6,667  | 66,667  | 66,667  | 66,667  | -   |
| Accumulated losses                 | (670)                                      | (670)  | (670)   | (867)   | (867)   | (867)   |
| <b>Total Equity</b>                | <b>(670)</b>                               | <b>9,886</b>                                 | <b>159,886</b>  | <b>154,306</b>  | <b>159,863</b>  | <b>270,974</b>  |
| <b>Liability</b>                   |  |  |   |   |   |   |
| <b>Current Liabilities</b>         |  |  |   |   |   |   |
| Other payables and accruals        | 284  | 284  | 284   | 64  | 64  | 64  |
| Amount owing to related parties    | 2,400                                      | -  | -   | -   | -   | -   |
| RCPS                               | 1,056                                      | 500  | 500   | 500   | 500   | 500   |
|                                    | <b>3,740</b>                               | <b>784</b>                                   | <b>784</b>  | <b>564</b>  | <b>564</b>  | <b>564</b>  |
| <b>Total Equity and Liability</b>  | <b>3,070</b>                               | <b>10,670</b>                                | <b>160,670</b>  | <b>154,870</b>  | <b>160,427</b>  | <b>271,538</b>  |
| Number of Shares ('000)            | ^  | 77,792                                       | 277,792   | 277,792   | 333,362   | 555,585   |
| (NL)/NA (RM'000)                   | (670)                                      | 9,886  | 159,886   | 154,306   | 159,863   | 270,974   |
| (NL)/NA per Share (RM)             | (3,350)                                    | 0.13   | 0.58  | 0.56  | 0.48  | 0.49  |

Notes:

\* Represents RM2

^ Represents 200 Shares

## 2. SUMMARY INFORMATION (Cont'd)

## Maximum Scenario

|                                    | Audited as at<br>31 January<br>2011<br>RM'000 | Proforma I<br>After Pre-IPO<br>Events<br>RM'000 | Proforma II<br>After Proforma I<br>and Tranche 2<br>Conversion of<br>RCPS<br>RM'000 | Proforma III<br>After Proforma II<br>and Public Issue<br>RM'000 | Proforma IV<br>After Proforma III<br>and payment of<br>listing expenses<br>RM'000 | Proforma IV<br>After Proforma<br>III and full<br>exercise of<br>Warrants-B<br>RM'000 | Proforma V<br>After Proforma IV<br>and full exercise<br>of Warrants-A<br>RM'000 |
|------------------------------------|---|---|---|---|---|--|---|
| <b>Asset</b>                       |   |   |   |   |   |  |   |
| <b>Current Assets</b>              |   |   |   |   |   |  |   |
| Prepayments                        | 377   | 377   | 377   | 377   | 6   | 6  | 6   |
| Fixed deposit with a licensed bank | 2,003   | 2,003   | 2,003   | 2,003   | 2,003   | 2,003  | 2,003   |
| Cash and bank balances             | 690   | 8,290   | 8,290   | 308,290   | 298,361   | 308,916  | 520,027   |
| <b>Total Asset</b>                 | <b>3,070</b>                                  | <b>10,670</b>                                   | <b>10,670</b>   | <b>310,670</b>  | <b>300,370</b>  | <b>310,925</b>   | <b>522,036</b>  |
| <b>Equity and Liability</b>        |   |   |   |   |   |  |   |
| <b>Equity</b>                      |   |   |   |   |   |  |   |
| Share capital                      | *   | 778   | 1,278   | 5,278   | 5,278   | 6,333  | 10,555  |
| Share premium                      | -   | 3,111   | 3,111   | 179,111   | 169,189   | 178,689  | 512,245   |
| Warrant reserves                   | -   | 6,667   | 6,667   | 126,667   | 126,667   | 126,667  | -   |
| Accumulated losses                 | (670)   | (670)   | (670)   | (670)   | (828)   | (828)  | (828)   |
| <b>Total Equity</b>                | <b>(670)</b>                                  | <b>9,886</b>                                    | <b>10,386</b>   | <b>310,386</b>  | <b>300,306</b>  | <b>310,861</b>   | <b>521,972</b>  |
| <b>Liability</b>                   |   |   |   |   |   |  |   |
| <b>Current Liabilities</b>         |   |   |   |   |   |  |   |
| Other payables and accruals        | 284   | 284   | 284   | 284   | 64  | 64   | 64  |
| Amount owing to related parties    | 2,400   | -   | -   | -   | -   | -  | -   |
| RCPS                               | 1,056   | 500   | -   | -   | -   | -  | -   |
|                                    | <b>3,740</b>                                  | <b>784</b>                                      | <b>284</b>  | <b>284</b>  | <b>64</b>   | <b>64</b>  | <b>64</b>   |
| <b>Total Equity and Liability</b>  | <b>3,070</b>                                  | <b>10,670</b>                                   | <b>10,670</b>   | <b>310,670</b>  | <b>300,370</b>  | <b>310,925</b>   | <b>522,036</b>  |
| Number of Shares ('000)            | ^   | 77,792  | 127,772   | 527,772   | 527,772   | 633,322  | 1,055,545   |
| (NL)/NA (RM'000)                   | (670)   | 9,886   | 10,386  | 310,386   | 300,306   | 310,861  | 521,972   |
| (NL)/NA per Share (RM)             | (3,350)                                       | 0.13  | 0.08  | 0.59  | 0.57  | 0.49   | 0.49  |

## Notes:

\* Represents RM2

^ Represents 200 Shares

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**2. SUMMARY INFORMATION (Cont'd)**

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**2.4 PRINCIPAL STATISTICS OF THE IPO**

Issue Size : We have made available between 200,000,000 and up to 400,000,000 Public Issue Shares together with between 200,000,000 and up to 400,000,000 Warrants-A representing approximately between 72% and up to 76% of our enlarged issued and paid-up ordinary share capital (after our Public Issue) at the Issue Price, payable in full upon application, as follows:

**(i) Selected investors by way of private placement**

Between 190,000,000 and up to 390,000,000 Public Issue Shares together with between 190,000,000 and up to 390,000,000 Warrants-A are available for application by way of private placement to selected investors.

**(ii) Malaysian Public**

10,000,000 Public Issue Shares together with 10,000,000 Warrants-A, to be allocated via balloting, will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 50% is to be set aside strictly for Bumiputera investors.

Issue Price : RM0.75 payable in full upon application.

Ranking of shares : Save for the Non-Participation Obligations, the Public Issue Shares will rank pari passu in all respects with our other existing issued and fully paid-up Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Purpose of IPO : The purposes of the IPO are to facilitate our listing on the Main Market of Bursa Securities as a SPAC and to raise funds from the capital market for the purposes of undertaking a future acquisition.

Use of proceeds : We shall use the total proceeds from the IPO amounting to between RM150,000,000 and up to RM300,000,000 for the acquisition of a target company or asset, our working capital requirements and to defray estimated listing expenses. Please refer to Section 3.6 of this Prospectus for further details on the utilisation of proceeds.

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### 3. PARTICULARS OF THE IPO

This Prospectus is dated 30 June 2011. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

**The approval of the SC for the IPO (details of which are set out in Section 8.1 of this Prospectus) was obtained vide its letters dated 20 April 2011 and 25 April 2011. The approval of the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.**

Bursa Securities has approved our admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up ordinary share capital of between RM2,777,924 and up to RM5,277,724 comprising between 277,792,422 and up to 527,772,422 Shares, between 222,222,222 and up to 422,222,222 Warrants-A and such new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities, vide its letter dated 2 June 2011. Listing of and quotation for our Shares and Warrants-A will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the Public Issue Shares and Warrants-A, and receipt of an undertaking that all notices of allotment will be issued and dispatched to all successful applicants prior to the date of listing of and quotation for the Shares and Warrants-A.

**Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed our Shares and Warrants-A as prescribed securities. In consequence thereof, our Shares and Warrants-A offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares and Warrants-A will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.**

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not have a CDS account, you may open one by contacting any of the ADAs listed in Section 13.10 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his / her CDS account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. Furthermore, in connection with the Listing of the Warrants-A, pursuant to the Listing Requirements, we must have at least 100 holders, holding not less than 100 Warrants-A each. In the event that the above requirements are not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted. The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of our merit or the merit of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

### 3. PARTICULARS OF THE IPO (Cont'd)

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMA.

This Prospectus does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which the Public Issue or you are or might be subject. Neither we nor the principal adviser nor any other advisers in relation to the Public Issue shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

**If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers.**

#### 3.1 DETAILS OF THE PUBLIC ISSUE

We have made available between 200,000,000 and up to 400,000,000 Public Issue Shares together with between 200,000,000 and up to 400,000,000 Warrants-A representing approximately between 72% and up to 76% of our enlarged issued and paid-up ordinary share capital at the Issue Price, payable in full upon application, as follows:

**(i) Selected investors by way of private placement**

Between 190,000,000 and up to 390,000,000 Public Issue Shares together with between 190,000,000 and up to 390,000,000 Warrants-A are available for application by way of private placement to selected investors ("**Placement Portion**").

**(ii) Malaysian Public**

10,000,000 Public Issue Shares together with 10,000,000 Warrants-A, to be allocated via balloting, will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 50% is to be set aside strictly for Bumiputera investors ("**Retail Portion**").

If there is an under-application in the Placement Portion such that the maximum offering of 390,000,000 Public Issue Shares has not been achieved and there is a corresponding over-application in the Retail Portion, the Public Issue Shares may be clawed back from the Placement Portion and allocated to the Retail Portion, subject always at the discretion of our Directors.

If there is an under-application in the Retail Portion and there is a corresponding over-application in the Placement Portion over and above the minimum offering of 190,000,000 Public Issue Shares, the Public Issue Shares may be clawed back from the Retail Portion and allocated to the Placement Portion.

All the 10,000,000 Public Issue Shares available for application by the Malaysian Public have been fully underwritten by the Underwriter based on the terms and conditions of the Underwriting Agreement. Please refer to Section 3.9 of this Prospectus for further details on the Underwriting Agreement.

**3. PARTICULARS OF THE IPO (Cont'd)**

The balance of between 190,000,000 and up to 390,000,000 Public Issue Shares available for application by way of private placement to selected investors shall be placed out by our Placement Agent. Where relevant, our Company may also procure ancillary services (such as the identification of suitable potential placees) from third parties to facilitate the success of the placement exercise.

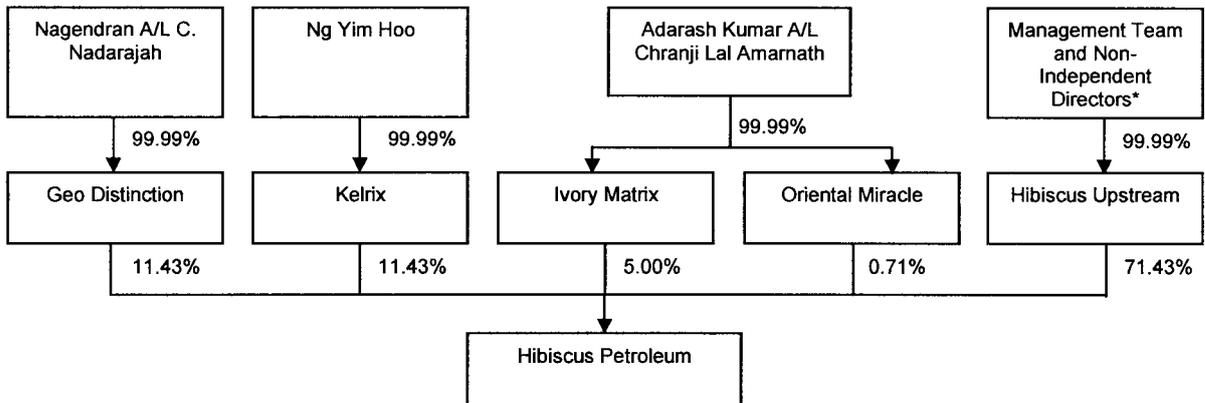
The basis of allocation for the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market in the Shares. Applicants will be selected in such manner as may be determined by our Directors in the best interest of our Company. Our Directors have the absolute discretion to decide whether to accept or reject any placement application. For avoidance of doubt, our Company is not obliged to place out or issue Shares up to the Maximum Subscription, even if there are qualified applications for such Shares.

The amount of Public Issue Shares will not be increased via any over-allotment or "greenshoe" option.

The minimum number of Public Issue Shares to be subscribed under this IPO is 200,000,000 Public Issue Shares raising total proceeds of RM150,000,000. The minimum subscription amount has been determined based on the minimum proceeds of RM150,000,000 to be raised by a SPAC in accordance with the SC Guidelines.

**3.2 LISTING SCHEME**

**Shareholding structure of Hibiscus Petroleum before the IPO**



Note:

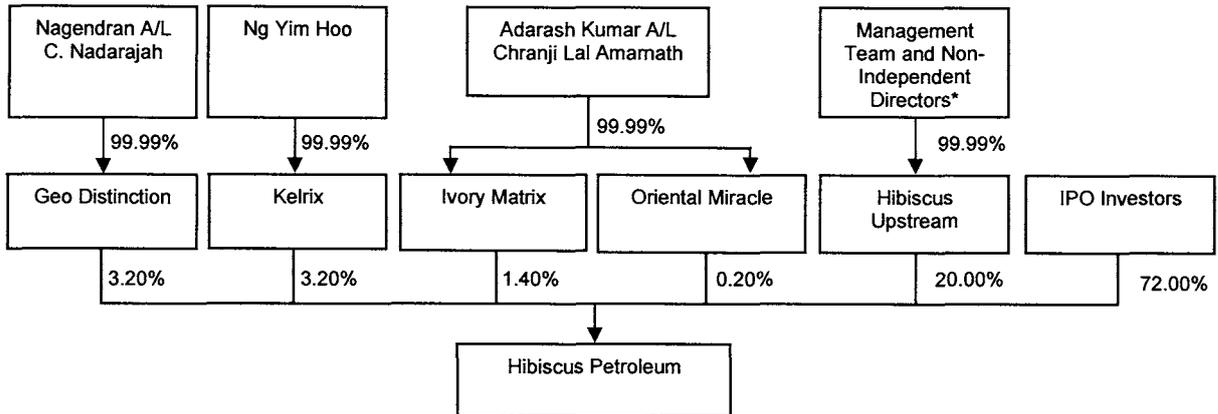
\* Please refer to Section 7.3.2 for background information on the shareholders of Hibiscus Upstream

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### 3. PARTICULARS OF THE IPO (Cont'd)

#### Shareholding structure of Hibiscus Petroleum immediately after the IPO

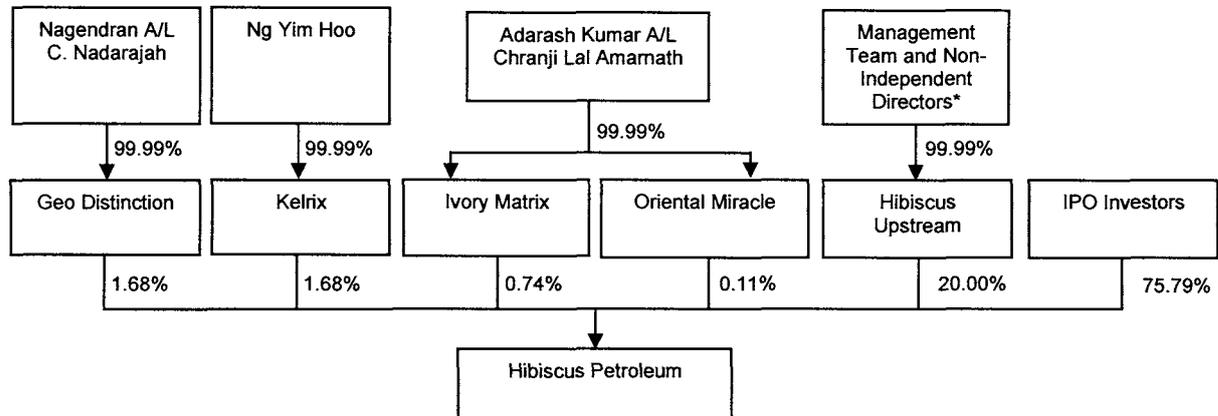
##### Minimum Subscription



Note:

\* Please refer to Section 7.3.2 for background information on the shareholders of Hibiscus Upstream

##### Maximum Subscription



Note:

\* Please refer to Section 7.3.2 for background information on the shareholders of Hibiscus Upstream

In conjunction with and as an integral part of the Listing, we undertook the following:

#### (i) Subscription by Hibiscus Upstream

On 13 December 2010, Hibiscus Upstream entered into a subscription agreement with our Company to subscribe for 10,555,000 RCPS at a subscription price of RM0.10 per RCPS. The RCPS were issued on 13 December 2010 and raised total proceeds of RM1,055,500.

The principal terms of the RCPS are as follows:

- |                                  |   |
|----------------------------------|---|
| Subscription Price and Par Value | : The subscription price for each RCPS shall be RM0.10. Each RCPS shall have a par value of RM0.01. |
| Premium                          | : Each RCPS shall be issued at a premium of RM0.09.   |
| Dividends                        | : The RCPS shall not be entitled to any dividend.   |

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**3. PARTICULARS OF THE IPO (Cont'd)**


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Liquidation Preference : Prior to our Company's due completion of its Qualifying Acquisition:

Upon any winding-up, liquidation or any return of capital of our Company, the holders of RCPS shall not be entitled to participate in any repayment of capital. Accordingly, the RCPS shall not have any priority over any payment to the holders of Shares and all other shares in the capital of our Company in this regard. The RCPS shall also not be entitled to participate in the surplus assets and profits of our Company.

Subsequent to our Company's due completion of its Qualifying Acquisition:

Upon any winding-up, liquidation or any return of capital of our Company, the holders of RCPS shall have priority in the repayment of capital and all monies due (including, without limitation, the par value and the premium paid) over any payment to the holders of Shares and all other shares in the capital of our Company. The RCPS shall not be entitled to participate in the surplus assets and profits of our Company.

Transferability : The RCPS shall not be transferable.

Conversion : Unless earlier redeemed:

- (a) 5,557,000 RCPS shall be mandatorily converted into Shares on the 5<sup>th</sup> business day after our Company's receipt of the approval from the SC; and
- (b) the holder shall at any time after the mandatory conversion referred to in paragraph (a) above but at least 1 business day before the date of allotment for the new Shares to be issued pursuant to the IPO, convert all or any part of the remaining RCPS it then holds into such number of Shares as may be required so that the holder will hold a total number of Shares equivalent to 20% of the enlarged issued and paid-up ordinary share capital of our Company as at the Listing, on the following basis:

1 RCPS : 10 Shares (together with 10 Warrants-B)

Where applicable, for purposes of effecting the conversion, the share premium account of our Company will be utilised to fully pay up the nominal value of the Shares. In this regard, our Company shall ensure that it maintains and has sufficient balance in the share premium account at all times to fully pay up the nominal value of the Shares (as may be required).

Other than as set out in paragraphs (a) and (b) above, the holder shall not be entitled to convert any RCPS into Shares (whether before or after the date of Listing).

**3. PARTICULARS OF THE IPO (Cont'd)**

- Redemption : Subject only to compliance with the requirements of Section 61 of the Act, all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the Redemption Price:
- (a) on the date falling 12 months after the date of issue of the RCPS IF the approval from the SC is not received by our Company by then; or
  - (b) on the date falling 14 business days after the Company's receipt of any letter from the SC rejecting or stating its non-approval of our Company's application for the IPO; or
  - (c) on any date after the Listing,
- whichever occurs first.
- Our Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.
- No RCPS redeemed by our Company shall be capable of reissue.
- Redemption Price : RM0.10 per RCPS
- Voting Rights : The RCPS shall entitle the holder to the voting rights as referred to in Section 148 (2) of the Act and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.
- Protective Provisions : The prior consent of the holders of the RCPS shall also be required for any proposal by our Company which relates to, or involves, any of the following:
- (a) the issue by our Company of any other preference shares or any type of convertible debt / equity instruments ranking pari passu or in priority to the RCPS;
  - (b) any alteration or change to the rights, preferences and privileges of the RCPS;
  - (c) any increase in the number of RCPS to be issued by our Company;
  - (d) anything which results or gives rise to a capital reduction by our Company.
- Status : The RCPS shall not be listed or quoted on any stock exchange.

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**3. PARTICULARS OF THE IPO (Cont'd)**

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**(ii) Subdivision of Shares**

On 13 December 2010, we subdivided every 1 ordinary share of RM1.00 each in our Company into 100 Shares.

**(iii) Tranche 1 Conversion of RCPS**

On 28 April 2011, Hibiscus Upstream converted a total of 5,557,000 RCPS held into 55,570,000 new Shares together with 55,570,000 Warrants-B. This will result in Hibiscus Upstream holding 20% in the enlarged issued and paid-up ordinary share capital of our Company under the Minimum Subscription.

The 55,570,000 Warrants-B under the Tranche 1 Conversion of RCPS will be issued and allotted to Hibiscus Upstream on the date of issuance and allotment of the Warrants-B under the Tranche 2 Conversion of RCPS as described in (v) below. The deferred issuance is to facilitate the issue and allotment of all the Warrants-B (forming the same series under the Warrants-B Deed Poll) at the same time.

**(iv) Capitalisation of Initial Investors' Utilisation Amount and Subscription by the Initial Investors**

Prior to the receipt of the SC's approval for the IPO, the Initial Investors had provided a total of RM3,000,000 for our Company to utilise towards payment of expenses incurred in connection with the IPO.

On 4 May 2011, the Initial Investors entered into subscription agreements with our Company for the following:

- (a) the capitalisation of the Initial Investors' Utilisation Amount into 6,666,667 new Shares together with 6,666,667 Warrants-A at an issue price of RM0.45 per new Share; and
- (b) the subscription for 15,555,555 new Shares together with 15,555,555 Warrants-A at a subscription price of RM0.45 per new Share. The Subscription by the Initial Investors raised total proceeds of RM7,000,000.

The 22,222,222 Warrants-A will be issued and allotted to the Initial Investors on the date of allotment of the Public Issue Shares, simultaneously with the Warrants-A issued under the Public Issue. The deferred issuance is to facilitate the issue and allotment of all the Warrants-A (forming the same series under the Warrants-A Deed Poll) at the same time.

**(v) Tranche 2 Conversion of RCPS**

Depending on the number of Public Issue Shares subscribed (where such number exceeds the Minimum Subscription), pursuant to the closing of the Applications and prior to the allotment and issuance of the Public Issue Shares, Hibiscus Upstream will convert such number of the balance RCPS that it holds into new Shares and Warrants-B such that it will hold 20% of the enlarged issued and paid-up ordinary share capital of our Company.

**(vi) Public Issue**

Our Company is undertaking a Public Issue and the details of the Public Issue have been set out in Section 3.1 of this Prospectus.

### 3. PARTICULARS OF THE IPO (Cont'd)

Thereafter we will seek an admission to the Official List and for the listing of and quotation for our entire enlarged ordinary share capital of between 277,792,422 and up to 527,772,422 Shares and between 222,222,222 and up to 422,222,222 Warrants-A on the Main Market of Bursa Securities.

#### 3.3 SHARE CAPITAL, CLASSES OF SECURITIES AND RANKING

On Listing, we will have 3 classes of securities in our Company, namely the Shares, RCPS and the Warrants.

|                                 | No of Shares/ RCPS | RM         |
|---------------------------------|--------------------|------------|
| <b>Authorised share capital</b> |                    |            |
| (i) <b>Shares</b>               | 2,400,000,000      | 24,000,000 |
| (ii) <b>RCPS</b>                | 100,000,000        | 1,000,000  |
|                                 | 2,500,000,000      | 25,000,000 |

##### 3.3.1 The Shares

###### Issued and paid-up:

The issued and paid-up ordinary share capital of Hibiscus Petroleum upon Listing will depend on the level of subscription for the Public Issue. The minimum size of our issued and paid-up ordinary share capital upon Listing will be RM2,777,924 and the maximum will be RM5,277,724.

|   | No of Shares | RM        |
|---|--------------|-----------|
| (i) <b>Minimum Subscription</b>   |              |           |
| Existing issued and paid-up   | 77,792,422   | 777,924   |
| New Shares to be issued as fully paid-up pursuant to the Public Issue           | 200,000,000  | 2,000,000 |
| Enlarged ordinary share capital upon Listing                                    | 277,792,422  | 2,777,924 |
| New Shares to be issued as fully paid-up upon full exercise of Warrants-B       | 55,570,000   | 555,700   |
| Enlarged ordinary share capital upon Listing and full exercise of Warrants-B    | 333,362,422  | 3,333,624 |
| New Shares to be issued as fully paid-up upon full exercise of Warrants-A       | 222,222,222  | 2,222,222 |
| Enlarged ordinary share capital after Listing and full exercise of the Warrants | 555,584,644  | 5,555,846 |

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**3. PARTICULARS OF THE IPO (Cont'd)**

|  | <b>No of Shares</b> | <b>RM</b>          |
|--|---------------------|--------------------|
| <b>(ii) Maximum Subscription</b>   |                     |                    |
| Existing issued and paid-up  | 77,792,422          | 777,924            |
| New Shares to be issued as fully paid-up upon Tranche 2 Conversion of RCPS                                     | 49,980,000          | 499,800            |
| New Shares to be issued as fully paid-up pursuant to the Public Issue  | 400,000,000         | 4,000,000          |
| Enlarged ordinary share capital upon Listing   | 527,772,422         | 5,277,724          |
| New Shares to be issued as fully paid-up upon full exercise of Warrants-B                                      | 105,550,000         | 1,055,500          |
| Enlarged ordinary share capital upon Listing and full exercise of Warrants-B                                   | 633,322,422         | 6,333,224          |
| New Shares to be issued as fully paid-up upon full exercise of Warrants-A                                      | 422,222,222         | 4,222,222          |
| Enlarged ordinary share capital after Listing and full exercise of the Warrants                                | 1,055,544,644       | 10,555,446         |
| <b>Issue Price per Public Issue Share (RM)</b>   |                     | <b>0.75</b>        |
| <b>Market capitalisation of our Company upon Listing based on the Issue Price at Minimum Subscription (RM)</b> |                     | <b>208,344,317</b> |
| <b>Market capitalisation of our Company upon Listing based on the Issue Price at Maximum Subscription (RM)</b> |                     | <b>395,829,317</b> |

Save for the Non-Participation Obligations, the Public Issue Shares will rank pari passu in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Save for the Non-Participation Obligations, subject to the Articles of Association and any special rights attaching to any shares which may be issued by our Company in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions. In respect of the whole of any surplus in the event of winding up of our Company, save for the Non-Participation Obligations, such surplus shall be distributed among our members in proportion to the paid-up capital at the commencement of the winding up, in accordance with the Articles of Association and the provisions of the Act.

Save for the Non-Participation Obligations, at any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have 1 vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each Share held. A proxy may, but need not be, a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply.

### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.3.2 The RCPS

|   | No of RCPS | RM     |
|---|------------|--------|
| <b>(i) Minimum Subscription</b>           |            |        |
| Issued and paid-up as at the Listing date | 4,998,000  | 49,980 |
| <b>(ii) Maximum Subscription</b>          |            |        |
| Issued and paid-up as at the Listing date | -          | -      |

Prior to our Company's due completion of its Qualifying Acquisition, upon any winding-up, liquidation or any return of capital of our Company, the holders of RCPS shall not be entitled to participate in any repayment of capital. Accordingly, the RCPS shall not have any priority over any payment to the holders of Shares and all other shares in the capital of our Company in this regard. The RCPS shall also not be entitled to participate in the surplus assets and profits of our Company.

Subsequent to our Company's due completion of its Qualifying Acquisition, upon any winding-up, liquidation or any return of capital of our Company, the holders of RCPS shall have priority in the repayment of capital and all monies due (including, without limitation, the par value and the premium paid) over any payment to the holders of Shares and all other shares in the capital of our Company. The RCPS shall not be entitled to participate in the surplus assets and profits of our Company.

The prior consent of the holders of the RCPS shall also be required for any proposal by our Company which relates to, or involves, any of the following:

- (i) the issue by our Company of any other preference shares or any type of convertible debt / equity instruments ranking pari-passu or in priority to the RCPS;
- (ii) any alteration or change to the rights, preferences and privileges of the RCPS;
- (iii) any increase in the number of RCPS to be issued by our Company; and
- (iv) anything which results or gives rise to a capital reduction by our Company.

The RCPS shall entitle the holder to the voting rights as referred to in Section 148 (2) of the Act and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.

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### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.3.3 The Warrants

##### 3.3.3.1 Warrants-A

|  | <u>No of Warrants-A</u> |
|--|-------------------------|
| <b>(i) Minimum Subscription</b>                        |                         |
| Number of Warrants-A to be issued to Initial Investors | 22,222,222              |
| To be issued pursuant to the Public Issue              | 200,000,000             |
| <b>Warrants-A in issue after the IPO</b>               | <b>222,222,222</b>      |
| <b>(ii) Maximum Subscription</b>                       |                         |
| Number of Warrants-A to be issued to Initial Investors | 22,222,222              |
| To be issued pursuant to the Public Issue              | 400,000,000             |
| <b>Warrants-A in issue after the IPO</b>               | <b>422,222,222</b>      |

The Warrants-A shall be issued in registered form and are constituted by the Warrants-A Deed Poll. Any fraction arising from the issuance of Warrants-A will be dealt with in such manner as our Board in our absolute discretion deems fit and expedient in order to minimise the incidence of odd lots, and in the best interest of our Company. The Warrants-A shall be exercisable at anytime during the period commencing from and inclusive of the date of completion of the Qualifying Acquisition up to and including the expiry date.

Any Warrants-A not exercised during the Exercise Period will lapse and cease to be valid.

#### Salient terms of Warrants-A

The salient terms of the Warrants-A are as follows:

|                 |   |
|-----------------|---|
| Issue size      | : Up to 422,222,222 Warrants-A.   |
| Form            | : The Warrants-A will be issued in registered form and constituted by the Warrants-A Deed Poll.   |
| Expiry Date     | : 3 years from Listing.   |
| Exercise Period | : The Warrants-A can be exercised anytime during the period commencing from and inclusive of the date of completion of the Qualifying Acquisition up to and including the Expiry Date.  |
|                 | Any Warrants-A not exercised during the Exercise Period will lapse and cease to be valid.   |
| Exercise Rights | : Each Warrant-A shall entitle the holder to subscribe for 1 new Share at the Exercise Price at any time during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Warrants-A Deed Poll.                      |
| Exercise Price  | : RM0.50 per Warrant-A.   |
| Listing         | : An application has been made for the admission of the Warrants-A to the Official List and the listing of and quotation for the Warrants-A and the new Shares to be issued arising from the exercise of Warrants-A on the Main Market of Bursa Securities. |

**3. PARTICULARS OF THE IPO (Cont'd)**

- Rights of the Warrant-A holders : The Warrant-A holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant-A holders exercise their Warrants-A into new Shares.
- Ranking : The new Shares arising from the exercise of Warrants-A shall, upon allotment and issue, rank pari passu with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new Shares.
- Board lot : The Warrants-A shall be tradable upon listing on Bursa Securities in board lots of 100 Warrants-A.
- Adjustment to the Exercise Price and/or number of Warrants-A : Subject to the provisions of the Warrants-A Deed Poll, the Exercise Price of the Warrants-A and/or the number of Warrants-A held by each Warrant-A holder may from time to time be adjusted, calculated or determined by our Board in consultation with an approved principal adviser or auditor and certified by the auditor appointed by our Company, in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Warrants-A Deed Poll.
- Transferability : The Warrants-A shall be transferable in the manner in accordance with the Warrants-A Deed Poll subject always to the provisions of the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository and any appendices.
- Winding up : (a) Except where our Company is wound-up or liquidated pursuant to the SC Guidelines due to its non-completion of a Qualifying Acquisition (the holder of Warrants-A not having any rights, entitlements or interest in respect of such winding up / liquidation), and where a resolution has been passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, then:
- (i) For the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant-A holders, or some persons designated by them of such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant-A holders; and

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### 3. PARTICULARS OF THE IPO (Cont'd)

(ii) In any other case, every Warrant-A holder shall be entitled within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants-A to our Company, to exercise his Warrants-A and be treated as if he had exercised the Warrants-A immediately prior to the commencement of such winding-up or such compromise or arrangement. If our Company is wound up, all exercise rights which have not been exercised within 6 weeks of the passing of such resolution, shall lapse and the Warrants-A shall cease to be valid for any purpose.

(b) For the avoidance of doubt and notwithstanding the above and any other provision in the Warrants-A Deed Poll, the Warrants-A shall not have any entitlement to the funds held in our Company's Trust Account upon any liquidation of our Company.

Governing laws : Laws of Malaysia.

#### 3.3.3.2 Warrants-B

|   | <u>No of Warrants-B</u>   |
|---|---------------------------|
| <b>(i) Minimum Subscription</b>   |                           |
| Number of Warrants-B to be issued to Hibiscus Upstream (Tranche 1 Conversion of RCPS)         | 55,570,000                |
| To be issued pursuant to the Public Issue to Hibiscus Upstream (Tranche 2 Conversion of RCPS) | -                         |
| <b>Warrants-B in issue after the IPO</b>  | <b><u>55,570,000</u></b>  |
| <b>(ii) Maximum Subscription</b>  |                           |
| Number of Warrants-B to be issued to Hibiscus Upstream (Tranche 1 Conversion of RCPS)         | 55,570,000                |
| To be issued pursuant to the Public Issue to Hibiscus Upstream (Tranche 2 Conversion of RCPS) | 49,980,000                |
| <b>Warrants-B in issue after the IPO</b>  | <b><u>105,550,000</u></b> |

The Warrants-B shall be issued in registered form and are constituted by the Warrants-B Deed Poll. Any fraction arising from the issuance of Warrants-B will be dealt with in such manner as our Board in our absolute discretion deems fit and expedient in order to minimise the incidence of odd lots, and in the best interest of our Company. The Warrants-B shall be exercisable at anytime during the period commencing from and inclusive of the date of completion of the Qualifying Acquisition up to and including the expiry date. Any Warrants-B not exercised during the Exercise Period will lapse and cease to be valid.

### 3. PARTICULARS OF THE IPO (Cont'd)

#### Salient terms of Warrants-B

|  |   |  |
|--|---|--|
| Issue size   | : | Up to 105,550,000 Warrants-B.  |
| Form   | : | The Warrants-B will be issued in registered form and constituted by the Warrants-B Deed Poll.  |
| Expiry Date  | : | 3 years from Listing.  |
| Exercise Period  | : | The Warrants-B can be exercised anytime during the period commencing from and inclusive of the date of completion of the Qualifying Acquisition up to and including the Expiry Date.<br><br>Any Warrants-B not exercised during the Exercise Period will lapse and cease to be valid.  |
| Exercise Rights  | : | Each Warrant-B shall entitle the holder to subscribe for 1 new Share at the Exercise Price at any time during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Warrants-B Deed Poll.   |
| Exercise Price   | : | RM0.10 per Warrant-B.  |
| Listing  | : | The Warrants-B will not be listed.   |
| Rights of the Warrant-B holders                              | : | The Warrant-B holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant-B holders exercise their Warrants-B into new Shares.   |
| Ranking  | : | The new Shares arising from the exercise of Warrants-B shall, upon allotment and issue, rank pari passu with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new Shares.   |
| Adjustment to the Exercise Price and/or number of Warrants-B | : | Subject to the provisions of the Warrants-B Deed Poll, the Exercise Price of the Warrants-B and/or the number of Warrants-B held by each Warrant-B holder may from time to time be adjusted, calculated or determined by our Board in consultation with an approved principal adviser or auditor and certified by the auditor appointed by our Company, in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Warrants-B Deed Poll. |
| Transferability  | : | Subject to the SPAC Moratorium and the provisions of the Articles of Association, the Warrants-B shall be transferable in the manner in accordance with the Warrants-B Deed Poll. <sup>(1)</sup>   |

**3. PARTICULARS OF THE IPO (Cont'd)**

- Winding up : (a) Except where our Company is wound-up or liquidated pursuant to the SC Guidelines due to its non-completion of a Qualifying Acquisition (the holder of Warrants-B not having any rights, entitlements or interest in respect of such winding up / liquidation), and where a resolution has been passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, then:
- (i) For the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant-B holders, or some persons designated by them of such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant-B holders; and
  - (ii) In any other case, every Warrant-B holder shall be entitled within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants-B to our Company, to exercise his Warrants-B and be treated as if he had exercised the Warrants-B immediately prior to the commencement of such winding-up or such compromise or arrangement. If our Company is wound up, all exercise rights which have not been exercised within 6 weeks of the passing of such resolution, shall lapse and the Warrants-B shall cease to be valid for any purpose.
- (b) For the avoidance of doubt and notwithstanding the above and any other provision in the Warrants-B Deed Poll, the Warrants-B shall not have any entitlement to the funds held in our Company's Trust Account upon any liquidation of our Company.

Governing laws : Laws of Malaysia.

Note:

- (1) *There will be a moratorium imposed on the sale, transfer or assignment of Warrants-B held by Hibiscus Upstream. Please refer to Section 8.2 of this Prospectus for further details.*

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### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.4 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price was determined and agreed upon by us and HLIB as the Principal Adviser, Placement Agent and Underwriter, after taking into account, inter-alia the following factors:

- (i) the minimum proceeds to be raised by a SPAC in accordance with the SC Guidelines;
- (ii) the listing scheme as set out in Section 3.2 of this Prospectus; and
- (iii) the general condition of the securities markets at the time of the IPO.

**Further, you should also note that the market price of our Shares and Warrants-A upon Listing are subject to the uncertainties of market forces and other factors, which may affect the trading price of our Shares and Warrants-A. You should form your own views on the valuation of the Public Issue Shares and Warrants-A before deciding to invest in our Shares and Warrants-A.**

#### 3.5 PURPOSES OF THE IPO

The purposes of the IPO are to facilitate our listing on the Main Market of Bursa Securities as a SPAC and to raise funds from the capital market for the purposes of undertaking a future acquisition.

#### 3.6 PROCEEDS RAISED AND UTILISATION

##### 3.6.1 Proceeds raised/ to be raised

The Subscription by Hibiscus Upstream, Initial Investors' Utilisation Amount and Subscription by the Initial Investors raised gross proceeds of RM11.1 million. The Public Issue is expected to raise gross proceeds of between RM150.0 million and up to RM300.0 million for our Company.

The proceeds raised are as follows:

|                                       | Minimum Subscription<br>RM'000 | Maximum Subscription<br>RM'000 |
|---------------------------------------|--------------------------------|--------------------------------|
| Subscription by Hibiscus Upstream     | 1,056                          | 1,056                          |
| Initial Investors' Utilisation Amount | 3,000                          | 3,000                          |
| Subscription by the Initial Investors | 7,000                          | 7,000                          |
|                                       | 11,056                         | 11,056                         |
| Proceeds from the Public Issue        | 150,000                        | 300,000                        |
|                                       | <b>161,056</b>                 | <b>311,056</b>                 |

### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.6.2 Utilisation of Proceeds

The total proceeds raised of between RM161.1 million and up to RM311.1 million shall be utilised in the following manner:

| Purpose                                  | Expected time frame for utilisation from Listing    | Note | Minimum Subscription RM'000 | Maximum Subscription RM'000 |
|--|---|------|-----------------------------|-----------------------------|
| Acquisition of a target company or asset | Within 36 months from the Listing                   | 1    | 135,000                     | 270,000                     |
| Redemption of RCPS                       | Within 12 months from the date of issue of the RCPS | 2    | 500                         | -                           |
| Working capital                          | Within 36 months from the Listing                   | 3    | 19,756                      | 30,756                      |
| Estimated listing expenses               | Within 1 month from the Listing                     | 4    | 5,800                       | 10,300                      |
| <b>Gross proceeds</b>                    |   |      | <b>161,056</b>              | <b>311,056</b>              |

Notes:

- Please refer to Section 5.2 of this Prospectus for further details on the target company or asset to be acquired.
- Under the Minimum Subscription scenario, the balance RCPS that have not been converted into Shares and Warrants-B will be redeemable at the option of Hibiscus Upstream after the Listing, subject to compliance with the requirements of the Act.
- A total of between RM19.8 million and up to RM30.8 million from the proceeds will be used as working capital to finance our Company's day-to-day administrative and operating expenses, including expenses to be incurred during the identification of a target company or asset which may comprise legal, accounting, valuation and other expenses related to the due diligence, structuring and negotiation of the acquisition of the target company or asset. The amount allocated for working capital also includes approximately RM2.3 million per annum (or RM6.9 million during the Permitted Timeframe), to be utilised for payment of our Management Team's remuneration and benefits in-kind.
- Our Company will bear the entire listing expenses and fees incidental to our Listing of approximately between RM5.8 million and up to RM10.3 million as follows:

|   | Minimum RM'000 | Maximum RM'000 |
|---|----------------|----------------|
| Estimated Professional fees <sup>(a)</sup>            | 900            | 900            |
| Underwriting/placement commissions and brokerage fees | 4,396          | 8,896          |
| Fees payable to authorities                           | 169            | 169            |
| Printing, advertisement and issuing house fees        | 200            | 200            |
| Miscellaneous   | 135            | 135            |
| <b>Total</b>  | <b>5,800</b>   | <b>10,300</b>  |

Note:

- (a) Professional fees include amongst others, the Principal Adviser, Solicitors, Reporting Accountants and Tax Advisers.

In the event there are excess proceeds subsequent to the settlement of the listing expenses, such excess will be utilised for our working capital. If the actual listing expenses are higher than estimated, the deficit will be funded out of the portion for working capital.

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**3. PARTICULARS OF THE IPO (Cont'd)**

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Pending full utilisation, between RM135.0 million and up to RM270.0 million, being 90% of the proceeds from the Public Issue will be placed in the Trust Account. Please refer to Section 5.1.5 of this Prospectus for further details of the Trust Account. The balance of the proceeds will be placed in interest-bearing account(s) with licensed financial institution(s) pending utilisation.

**3.6.3 Proceeds from the exercise of the Warrants**

Our Company will raise proceeds of up to RM116,668,111 and up to RM221,666,111 from the exercise of all the Warrants under the Minimum Subscription and Maximum Subscription scenarios respectively. The actual proceeds arising from the exercise of the Warrants will depend on the actual number of Warrants exercised. The proceeds will be utilised for the business expansion and/or the working capital of our Company, the precise allocation of which has yet to be determined. Any investment plans, when they materialise, will be announced to Bursa Securities, and if required, be subject to approval by the relevant authorities and/or shareholders. Pending future investment/utilisation by our Company, the proceeds will be placed in interest-bearing account(s) with licensed financial institution(s).

**3.6.4 Financial impact from the utilisation of proceeds**

As stated above, the proceeds will be utilised to acquire a target company or asset, working capital of our Company and to defray estimated expenses incidental to our Listing. A total of between RM135,000,000 and up to RM270,000,000 has been earmarked for the acquisition of a target company or asset assuming that all shareholders approve the Qualifying Acquisition. Please refer to Section 5.1.2 of this Prospectus for further information on the minimum requirements of a Qualifying Acquisition. As the final quantum of equity raised via the Public Issue is currently unknown and the target company or asset has yet to be identified at this juncture, the financial impact on Hibiscus Petroleum from the utilisation of proceeds cannot be ascertained at this point in time.

**3.7 DILUTION**

The IPO Investors will be diluted immediately after the Public Issue. The dilution is computed as the difference between the Issue Price paid by the IPO Investors and the proforma NA per Share of our Company immediately after the Public Issue.

Pursuant to the Public Issue and the payment of listing expenses, the proforma NA per Share of our Company as at 31 January 2011 based on our enlarged issued and paid-up ordinary share capital would be RM0.56 and RM0.57 under the Minimum Subscription and Maximum Subscription respectively. This represents a decrease in NA per Share of RM0.19 and RM0.18 to the IPO Investors under the Minimum Subscription and Maximum Subscription respectively.

The dilution to IPO Investors assuming exercise of all the Warrants is computed as the difference between the Issue Price and the proforma NA per Share of our Company immediately after the payment of listing expenses and the full exercise of the Warrants.

Pursuant to the Public Issue, the payment of listing expenses and assuming full exercise of Warrants-B, the proforma NA per Share of our Company as at 31 January 2011 based on our enlarged issued and paid-up ordinary share capital would be RM0.48 under the Minimum Subscription and RM0.49 under the Maximum Subscription. This represents a decrease in NA per Share of RM0.27 and RM0.26 to the IPO Investors under the Minimum Subscription and Maximum Subscription respectively.

**3. PARTICULARS OF THE IPO (Cont'd)**

Pursuant to the Public Issue, the payment of listing expenses and assuming full exercise of the Warrants, the proforma NA per Share of our Company as at 31 January 2011 based on our enlarged issued and paid-up ordinary share capital would be RM0.49 under both the Minimum Subscription and Maximum Subscription. This represents a decrease in NA per Share of RM0.26 to the IPO Investors under both the Minimum Subscription and Maximum Subscription.

The following illustrates such dilution on a per Share basis:

|   | <b>Minimum<br/>Subscription<br/>RM</b> | <b>Maximum<br/>Subscription<br/>RM</b> |
|---|--|--|
| <b>Issue Price</b>  | <b>0.75</b>                            | <b>0.75</b>                            |
| <b><u>Decrease in NA per Share as a result of the Public Issue and payment of listing expenses</u></b>                                |  |  |
| Proforma NA per Share as at 31 January 2011 after the Public Issue and payment of listing expenses                                    | 0.56                                   | 0.57                                   |
| Dilution in NA per Share to IPO Investors after the Public Issue and payment of listing expenses                                      | 0.19                                   | 0.18                                   |
| Dilution in NA per Share to IPO Investors as a percentage of the Issue Price, after the Public Issue and payment of listing expenses  | 25.3%                                  | 24.0%                                  |
| <b><u>Decrease in NA per Share as a result of the Public Issue, payment of listing expenses and full exercise of Warrants-B</u></b>   |  |  |
| Proforma NA per Share as at 31 January 2011 assuming full exercise of Warrants-B  | 0.48                                   | 0.49                                   |
| Dilution in NA per Share to IPO Investors assuming full exercise of Warrants-B  | 0.27                                   | 0.26                                   |
| Dilution in NA per Share to IPO Investors as a percentage of the Issue Price, assuming full exercise of Warrants-B                    | 36.0%                                  | 34.7%                                  |
| <b><u>Decrease in NA per Share as a result of the Public Issue, payment of listing expenses and full exercise of the Warrants</u></b> |  |  |
| Proforma NA per Share as at 31 January 2011 assuming full exercise of the Warrants  | 0.49                                   | 0.49                                   |
| Dilution in NA per Share to IPO Investors assuming full exercise of the Warrants  | 0.26                                   | 0.26                                   |
| Dilution in NA per Share to IPO Investors as a percentage of the Issue Price, assuming full exercise of the Warrants                  | 34.7%                                  | 34.7%                                  |

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**3. PARTICULARS OF THE IPO (Cont'd)**

For illustrative purposes, we also set out the dilution to IPO Investors assuming exercise of all the Warrants, whereby such dilution is computed as the difference between the exercise price of Warrants-A and the proforma NA per Share of our Company assuming full exercise of the Warrants.

|   | <b>Minimum<br/>Subscription<br/>RM</b> | <b>Maximum<br/>Subscription<br/>RM</b> |
|---|--|--|
| <b>Exercise price of Warrants-A</b>   | <b>0.50</b>                            | <b>0.50</b>                            |
| <br><b><u>Decrease in NA per Share as a result of the Public Issue, payment of listing expenses and full exercise of Warrants-B</u></b>   |  |  |
| Proforma NA per Share as at 31 January 2011 assuming full exercise of Warrants-B  | 0.48                                   | 0.49                                   |
| Dilution in NA per Share to IPO Investors as compared to the exercise price of Warrants-A assuming full exercise of Warrants-B            | 0.02                                   | 0.01                                   |
| Dilution in NA per Share to IPO Investors as a percentage of the exercise price of Warrants-A, assuming full exercise of Warrants-B       | 4.0%                                   | 2.0%                                   |
| <br><b><u>Decrease in NA per Share as a result of the Public Issue, payment of listing expenses and full exercise of the Warrants</u></b> |  |  |
| Proforma NA per Share as at 31 January 2011 assuming full exercise of the Warrants  | 0.49                                   | 0.49                                   |
| Dilution in NA per Share to IPO Investors as compared to the exercise price of Warrants-A assuming full exercise of the Warrants          | 0.01                                   | 0.01                                   |
| Dilution in NA per Share to IPO Investors as a percentage of the exercise price of Warrants-A, assuming full exercise of the Warrants     | 2.0%                                   | 2.0%                                   |

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### 3. PARTICULARS OF THE IPO (Cont'd)

The following table summarises the total number of Shares acquired/to be acquired by Hibiscus Upstream and the Initial Investors during the period of 3 years prior to the Listing, the total consideration paid to our Company and the effective cash cost per Share to them and to the new investors pursuant to our IPO:

|  | No of Shares <sup>(1)</sup><br>acquired/to be<br>acquired | Total<br>consideration<br>RM'000 | Effective<br>cash cost<br>per Share<br>RM |
|--|---|----------------------------------|---|
| Hibiscus Upstream (Minimum Subscription) | 55,570,000  | 555,700                          | 0.01                                      |
| Hibiscus Upstream (Maximum Subscription) | 105,550,000   | 1,055,500                        | 0.01                                      |
| Initial Investors                        | 22,222,222  | 10,000,000                       | 0.45                                      |
| Public Investors (Minimum Subscription)  | 200,000,000   | 150,000,000                      | 0.75                                      |
| Public Investors (Maximum Subscription)  | 400,000,000   | 300,000,000                      | 0.75                                      |

Note:

(1) Shares acquired/to be acquired include free Warrants-A and Warrants-B, where applicable, on a basis of 1 Warrant-A or Warrant-B for every 1 Share acquired.

**(i) Discount of Effective Cash Cost per Share to Hibiscus Upstream and difference between the exercise price of Warrants-A of RM0.50 and the exercise price of Warrants-B of RM0.10**

The issue price of each new Share and Warrant-B issued to Hibiscus Upstream represents a 99% discount to the Issue Price. Further, the exercise price of Warrants-A is RM0.50 and the exercise price of Warrants-B is RM0.10. This is due to the following justifications:

- (a) The initial funding of our Company is partly financed by Hibiscus Upstream;
- (b) All the Shares and Warrants-B held by Hibiscus Upstream will be subject to a moratorium on the sale, transfer or assignment of the said Shares and Warrants-B from the Listing until the completion of the Qualifying Acquisition. Please refer to Section 8.2 of this Prospectus for further information on the SPAC Moratorium. Further, the Warrants-B shall not be listed nor tradable;
- (c) Hibiscus Upstream is subject to the Non-Participation Obligations; and
- (d) Our Management Team (with the exception of Ir Mohd Iwan Jefry bin Abdul Majid) have relinquished or will relinquish their previous/current employed positions in order to provide services to our Company, a SPAC, which has yet to identify a target company or asset. They have also agreed that there will be no adjustment to their remuneration packages nor introduction of any performance incentive schemes until after the completion of the Qualifying Acquisition. Ir Mohd Iwan Jefry bin Abdul Majid is engaged with the Company on an assignment basis and he has undertaken to provide his services whenever required at no fee.

Our Non-Independent Directors and our Management Team have invested in Hibiscus Petroleum via Hibiscus Upstream, i.e., through the Subscription by Hibiscus Upstream.

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**3. PARTICULARS OF THE IPO (Cont'd)**

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**(ii) Discount of Effective Cash Cost per Share to the Initial Investors**

The issue/subscription price of RM0.45 of each new Share and Warrant-A issued to/subscribed by the Initial Investors represents a 40% discount to the Issue Price with the following justifications:

- (a) The initial funding of our Company is partly financed by the Initial Investors;
- (b) The Initial Investors' Shares will be subject to a moratorium on the sale, transfer or assignment of the said Shares from the Listing until the completion of the Qualifying Acquisition. For the avoidance of doubt, the Warrants-A held by the Initial Investors will not be subject to the moratorium;
- (c) The Initial Investors are subject to the Non-Entitlement Obligations in respect of the Initial Investors' Shares; and
- (d) Prior to the receipt of the SC's approval for the IPO, the Initial Investors had provided a total of RM3,000,000 to our Company. In the event such approval was not obtained, the Initial Investors' Utilisation Amount would not have been reimbursed to them as such amount has been utilised towards payment of expenses incurred in connection with the IPO. In addition, subsequent to the receipt of the SC's approval and prior to the IPO, the Initial Investors had invested a further RM7,000,000 in our Company via the Subscription by the Initial Investors.

**3.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEE**

The Underwriter has entered into the Underwriting Agreement with our Company for the underwriting of 10,000,000 Public Issue Shares, which are available for application by the Malaysian public ("**Underwritten Shares**"). We will pay an underwriting commission in respect of the Underwritten Shares at the rate of 3% of the Issue Price.

We will pay brokerage in respect of the 10,000,000 Public Issue Shares described in Section 3.1 of the Prospectus, at the rate of 1% on the Issue Price in respect of successful applications bearing the stamp of HLIB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

We will pay a placement commission at the rate of up to 3% of the value of the Public Issue Shares placed out to placees identified by the Placement Agent or any such parties as may be ascertained by the Company.

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**3. PARTICULARS OF THE IPO (Cont'd)**

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**3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

The following are extracts of the salient terms contained in the Underwriting Agreement including terms which allow the Underwriter to withdraw from the underwriting obligation after the opening of the Public Issue. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

**7. CONDITIONS PRECEDENT**

7.1 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:

7.1.1 the SC and other relevant authorities (if any) having approved the Public Issue and the Listing (and if such approval shall be conditional, all conditions thereto being on terms reasonably acceptable to the Underwriter);

7.1.2 the Listing having been approved by Bursa Securities and the Underwriter being reasonably satisfied that the Listing will occur within 2 clear Market Days after the relevant notices of allotment or share certificates have been issued, despatched, deposited or transferred (as the case may be) to the successful applicants or the Bursa Depository respectively;

7.1.3 there not having been on or prior to the Closing Date, any adverse change or any development reasonably likely to involve a prospective adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the offering of the Underwritten Shares (as defined under Section 3.8), nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations, warranties and undertakings contained in Clauses 2 and 3 of the Underwriting Agreement as though they had been given or repeated on such date;

7.1.4 the registration of the Prospectus with the SC, and the lodgement of the Prospectus with the Registrar of Companies, in accordance with the requirements of the Act and CMSA, (together with copies of all documents required by those statutes on or before their issue and circulation to the public) within 2 months after the date of the Underwriting Agreement or within such other period as the Company and the Underwriter may mutually agree;

7.1.5 the delivery to the Underwriter prior to the date of the registration of the Prospectus of:

(i) a copy, certified as true by an authorised officer of the Company, of the resolution of the shareholders of the Company in general meeting approving the Public Issue; and

(ii) a copy, certified as true by an authorised officer of the Company, of all resolutions of the directors of the Company approving the Public Issue, the Underwriting Agreement (including authorising the execution of the Underwriting Agreement) and the Prospectus (including the issuance of the Prospectus);

**3. PARTICULARS OF THE IPO (Cont'd)**

- 7.1.6 the delivery to the Underwriter on the Closing Date, a certificate (in, or substantially in, the form set out in Schedule 1 of the Underwriting Agreement) dated the date of the Closing Date signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 7.1.3 above and that as at such date the Company has not committed a breach of any of its covenants in the Underwriting Agreement;
- 7.1.7 the Underwriter being reasonably satisfied that arrangements have been made by the Company to ensure payment of the Underwriting Commission (as defined below); and
- 7.1.8 the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia.
- 7.2 If any of the conditions set out in Clause 7.1 above is not satisfied on or before the Closing Date, the Underwriter shall then be entitled to terminate the Underwriting Agreement and in that event (except for the liability of the Company for payments of costs and expenses provided in Clause 16 of the Underwriting Agreement incurred prior to and in connection with such termination) the Parties shall be released and discharged from their respective obligations under the Underwriting Agreement PROVIDED THAT the Underwriter may at its own discretion and on its own account waive compliance with any of the conditions set out in Clause 7.1 above.

**14. UNDERWRITING COMMISSION AND PAYMENT OF UNDERWRITING COMMISSION**

The Underwriter shall be entitled to receive an underwriting commission of 3% of the Issue Price per Share of the Underwritten Shares underwritten by it ("**Underwriting Commission**").

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### 3. PARTICULARS OF THE IPO (Cont'd)

#### 15. TERMINATION BY THE UNDERWRITER

15.1 Notwithstanding any provision in the Underwriting Agreement, the Underwriter may at any time before the Closing Date terminate its obligations under the Underwriting Agreement if in its any one or more of the following events occur:

15.1.1 prior to the Closing Date:

- (i) any statement contained in the Prospectus has become untrue, incorrect or misleading in any material respect;
- (ii) any matter and/or statement has been omitted in the Prospectus and such omission constitutes a material omission;
- (iii) any material breach of the Company's obligations in the Underwriting Agreement;
- (iv) any material adverse change or any development reasonably likely to result in an material adverse change in the business or in the financial or trading position or prospects of the Company and its subsidiaries (if any) ("**Group**"), or any other relevant aspects affecting, the Group which is materially adverse in the context of the Public Issue;
- (v) any representations or warranties on the part of the Company contained in the Underwriting Agreement was found to be materially inaccurate, contains a material omission, is false or insufficient in any material respect or if there was any withholding of information of a material nature from the Underwriter;
- (vi) that the Company shall not have been granted approval by the Bursa Securities for the listing of and quotation for the Enlarged Share Capital and Warrants or any of the approvals obtained for the proposals set out in Recitals (C) and (D) of the Underwriting Agreement is revoked;
- (vii) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates, economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market. For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
  - (i) on or after the date of the Underwriting Agreement; and
  - (ii) prior to the Closing Date,

Lower than 80% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 5 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition for the purpose of this provision; or

**3. PARTICULARS OF THE IPO (Cont'd)**

15.1.2 there shall occur, or come into effect at any time prior to Closing Date:

- (i) any new law or regulation or directive or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which has or is likely to have a material adverse effect on the business or financial condition or prospects of the Group;
- (ii) any event or series of events beyond the reasonable control of the Underwriter (including without limitation acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Issue or pursuant to the underwriting obligations under the Underwriting Agreement;
- (iii) any change (whether permanent or not permanent) in local, national, international, financial, monetary, industrial, economic, stock market, exchange control or political conditions which would materially prejudice the success of the Public Issue and the distribution or sale (whether in the primary market or in respect of dealings in the secondary market) of the Public Issue Shares; and
- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Bursa Securities due to changes in financial or other circumstances or a change or development involving a prospective change in taxation or exchange controls or currency exchange rates which would or may materially and adversely affect the Company or the present or prospective shareholders of the Company in their capacity as such, and any such event has or is likely to have a material adverse effect on the success of the Public Issue or makes it inadvisable or inexpedient to proceed with the same.

15.2 In any such case as referred to in Clause 15.1 above, the Underwriter may, by notice in writing to the Company (after due consultation with the Company), rescind the Underwriting Agreement, and thereupon the parties shall be released and discharged from its obligations under the Underwriting Agreement.

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#### 4. RISK FACTORS

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**We are exposed to a number of possible risks that may arise from economic, business, market and financial factors and developments, which may have an adverse impact on our future performance. You should carefully consider the risks and investment considerations set out below along with the other matters in this Prospectus before you make your investment decision.**

**The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may have a material adverse effect on the financial performance of our Company and/or the prices of our Shares and Warrants.**

##### 4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

##### 4.1.1 **We do not have any operating history and, accordingly, you may not have a conventional basis on which to evaluate our ability to achieve our business objective.**

As we do not have an operating history, you may not have a conventional basis upon which to evaluate our ability to achieve our business objective, which is to acquire an operating company or asset in the oil and gas E&P industry. We have no plans, arrangements or understandings with any prospective acquisition candidates. We will not generate any significant revenues until, at the earliest, after the completion of a Qualifying Acquisition.

##### 4.1.2 **If we are forced to liquidate before a Qualifying Acquisition and distribute the Trust Account, our public shareholders will receive less than the Issue Price per Share and our Warrants will expire worthless.**

If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe and are forced to liquidate our assets, the per-share liquidation distribution will be less than the Issue Price because of the expenses of this offering, our general and other expenses and the anticipated costs of seeking a Qualifying Acquisition. Furthermore, there will be no distribution with respect to our outstanding Warrants which will expire worthless if we liquidate before the completion of a Qualifying Acquisition.

##### 4.1.3 **If we are unable to complete a Qualifying Acquisition, our public shareholders will be forced to wait until after 36 months before receiving the Liquidation Distribution.**

We have 36 months to complete a Qualifying Acquisition. We have no obligation to return funds to investors prior to such date unless we complete a Qualifying Acquisition prior to that. Only after the expiration of this 36 months will public shareholders be entitled to the Liquidation Distribution if we are unable to complete a Qualifying Acquisition. Accordingly, investors' funds will be held in trust and may not be returned to you until after 36 months.

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**4. RISK FACTORS (Cont'd)**

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**4.1.4 If the net proceeds of this IPO not held in the Trust Account are insufficient to allow us to operate for at least the next 36 months, we may be unable to complete a Qualifying Acquisition.**

We currently believe that the funds available to us outside of the Trust Account will be sufficient to allow us to operate for at least the next 36 months, assuming that a Qualifying Acquisition does not occur during that time. However, it is not guaranteed that our estimates will be accurate. We could use a portion of the funds not being placed in trust to pay due diligence costs in connection with a potential Qualifying Acquisition or to pay fees to consultants to assist us with our search for a target company or asset. We could also use a portion of the funds not being placed in trust as a down payment or to fund a “no-shop” provision (a provision in letters of intent designed to keep the target company or asset from “shopping” around for transactions with others on terms more favourable to such target company or asset) with respect to a particular proposed Qualifying Acquisition, although we do not have any current intention to do so. If we entered into such a letter of intent where we paid for the right to receive exclusivity from a target company or asset and such funds were subsequently forfeited (whether as a result of our breach or otherwise), we might not have sufficient funds to continue searching for, or conduct due diligence with respect to any other potential target company or asset.

**4.1.5 Since we have not yet selected a target company or asset with which to complete a Qualifying Acquisition, we are currently unable to ascertain the merits or risks of the company or asset which we may ultimately operate.**

Because we have not yet selected a target company or asset with which to complete a Qualifying Acquisition, investors in this IPO currently have no basis to evaluate the possible merits or risks of the target company or asset. Although our Management Team will evaluate the risks inherent in a particular target company or asset, we are not able to assure you that they will ascertain or assess all risk factors. We also cannot assure you that an investment in our Shares and Warrants will ultimately prove to be more favourable to investors than a direct investment, if such opportunity were available, in a target company or asset.

**4.1.6 Our ability to successfully effect a Qualifying Acquisition and to successfully operate the company or asset thereafter will be dependent upon the efforts of our Management Team.**

Our ability to successfully effect a Qualifying Acquisition is dependent upon the efforts of our Board and Management Team. Thereafter, we will rely on our Management Team to successfully operate the company or asset upon completion of the Qualifying Acquisition. The retention of our Board and Management Team is critical to ensure that we can successfully identify a target company or asset and to operate the target company or asset while a loss of any member of the Board and Management Team is likely to have a material adverse effect on our operations.

Our Non-Independent Directors and Management Team own Shares and Warrants in our Company through a holding company, Hibiscus Upstream. Pursuant to the IPO, our Non-Independent Directors and Management Team will collectively hold 20% equity interest in the enlarged issued and paid-up ordinary share capital of our Company. This will ensure that the interests of our Non-Independent Directors and Management Team are aligned with that of our Company. Assuming full exercise of all the Warrants, our Non-Independent Directors and Management Team will continue to own 20% equity interest in our Company. In addition, our Non-Independent Directors and Management Team have individually entered into the Hibiscus Upstream Shareholders' Agreement and the Deed of Accession to regulate their relationship as shareholders of Hibiscus Upstream, to put in place a moratorium on the sale, transfer or assignment of the Hibiscus Upstream Shares in accordance with the SC Guidelines and to restrict the sale of the Hibiscus Upstream Shares upon the expiry of the moratorium. Please refer to Section 7.4 of this Prospectus for the salient terms of the Hibiscus Upstream Shareholders' Agreement and the Deed of Accession.

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**4. RISK FACTORS (Cont'd)**

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**4.1.7 The requirement to undertake the Qualifying Acquisition Share Repurchase may not allow us to undertake the most desirable Qualifying Acquisition or optimise our capital structure.**

When we seek shareholder approval of any Qualifying Acquisition, the IPO Investors (including our Independent Directors and the Initial Investors in respect of Shares purchased pursuant to the Public Issue and/or the Listing) will be entitled to receive, in exchange for their Public Issue Shares, a sum equivalent to a pro rata portion of the amount then held in the Trust Account (net of any taxes payable and expenses related to the facilitation of the exchange), if they vote against the Qualifying Acquisition provided that such Qualifying Acquisition is approved and completed within the Permitted Timeframe. Accordingly, if our Qualifying Acquisition requires us to use substantially all of our cash to pay the purchase price, because we will not know how many shareholders may elect to exchange their Shares for cash, we may either need to reserve part of the Trust Account for possible payment upon such conversion, draw upon a proposed credit facility if the target company or asset meets the criteria required by such credit facility, to help fund our Qualifying Acquisition in case a larger percentage of shareholders elect to exchange their Shares than we expect. Therefore, we may not be able to complete a Qualifying Acquisition that requires us to use all of the funds held in the Trust Account as part of the purchase price, or we may end up having to incur an amount of borrowings either pursuant to the proposed credit facility or otherwise that is not optimal for our Qualifying Acquisition. This may limit our ability to undertake the most attractive Qualifying Acquisition available to us.

**4.1.8 We may not be able to complete the acquisition of an attractive target company or asset because of our limited resources and structure.**

We expect to encounter intense competition from entities having a business objective similar to ours, including venture capital funds, private equity firms and operating businesses competing for acquisitions. Many of these entities are well established and have extensive experience in identifying and effecting acquisitions directly or through affiliates. Many of these competitors possess greater technical, human and other resources than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe that there are numerous potential target companies or assets that we could acquire with the net proceeds of this IPO, our ability to compete in acquiring certain sizeable target companies or assets would be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target companies or assets. Furthermore, the obligation that we have to seek shareholders' approval of a Qualifying Acquisition may delay the completion of a transaction. If we are unable to complete a Qualifying Acquisition with a target company or asset within the Permitted Timeframe, we will be forced to liquidate.

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**4. RISK FACTORS (Cont'd)**

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**4.1.9 We may be unable to obtain additional financing, if required, to complete a Qualifying Acquisition or to fund the operations and growth of the target company or asset, which could compel us to restructure or abandon a particular Qualifying Acquisition.**

If the net proceeds of this offering prove to be insufficient for us to complete a particular Qualifying Acquisition either because of the size of the Qualifying Acquisition, the depletion of the available net proceeds in search of a target company or asset, or the obligation to convert into cash a significant number of Shares from Dissenting Shareholders, we will be required to seek additional financing. Such financing may not be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to complete a particular Qualifying Acquisition, we would be compelled to either restructure the transaction or abandon that particular Qualifying Acquisition and seek an alternative target company or asset candidate. In addition, if we complete a Qualifying Acquisition, we may require additional financing to fund the operations or growth of the target company or asset. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the target company or asset. None of our officers, directors or shareholders is required to provide any financing to us in connection with or after a Qualifying Acquisition.

**4.1.10 We may only be able to complete 1 Qualifying Acquisition with the proceeds of our IPO, which will cause us to be solely dependent on a single company or asset.**

Our Qualifying Acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the Trust Account (net of any taxes payable), although this may entail the simultaneous acquisition of several operating businesses at the same time. The fair market value of the target company or asset will be determined by our Board based upon one or more standards generally accepted by the financial community (which may include actual and potential revenues, earnings, cashflow and/or book value). By completing a Qualifying Acquisition with only a single entity, our lack of diversification may subject us to numerous economic, competitive and regulatory developments. Further, we would not be able to diversify our operations or benefit from the possible spreading of risks or offsetting of losses, unlike other entities, which may have the resources to complete several acquisitions in different industries or different areas of a single industry. Accordingly, the prospects for our success may be solely dependent upon the performance of a single company or asset.

**4.1.11 If we determine to simultaneously acquire several companies or assets, we will need the acquisitions to be consummated at the same time, thereby making it more difficult for us to complete the acquisitions because of our limited resources and structure.**

If we determine to simultaneously acquire several companies or assets and such companies or assets are owned by different vendors, we will need each of the vendors to agree that our acquisition of their company or asset is contingent upon the simultaneous completions of the other acquisitions, which may make it more difficult for us, and delay our ability, to complete the acquisitions. With multiple acquisitions, we may also face additional risks, including additional burdens and costs with respect to possible multiple negotiations and due diligence investigations (if there are multiple vendors) and the additional risks associated with the subsequent assimilation of the operations and services or products of the acquired companies in a single operating company or asset. If we are unable to adequately address these risks, it could negatively impact our profitability and results of operations.

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#### 4. RISK FACTORS *(Cont'd)*

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##### **4.1.12 The determination of the Issue Price is more arbitrary compared with the pricing of securities for an operating company.**

Prior to this offering, there has been no public market for any of our securities. Factors considered in determining the prices and terms of the Public Issue Shares and the Warrants include:

- the minimum proceeds to be raised by a SPAC in accordance with the SC Guidelines;
- the listing scheme as set out in Section 3.2 of this Prospectus; and
- the general condition of the securities markets at the time of the IPO.

However, although these factors were considered, the determination of our Issue Price is more arbitrary than the pricing of securities for an operating company since we have no historical operations or financial results to compare them to.

##### **4.1.13 If we acquire a target company or asset which is located outside of Malaysia, we could be subject to a variety of additional risks that may negatively impact our operations.**

If we acquire a target company or asset which is located outside of Malaysia, we could be subject to special considerations or risks associated with companies operating in the target company or asset's home jurisdiction, including any 1 or more of the following:

- rules and regulations or currency conversion or corporate withholding tax on individuals;
- tariffs and trade barriers;
- regulations relating to customs and import/export matters;
- longer payment cycles;
- tax issues, such as tax law changes and variations in tax laws as compared to Malaysia;
- currency fluctuations;
- challenges in collecting amounts receivable;
- cultural and language differences; and
- employment regulations.

If we are unable to adequately address these risks, our operations might suffer.

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**4. RISK FACTORS (Cont'd)**

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**4.1.14 Foreign exchange risks.**

Our revenues may be denominated in foreign currencies. However, a portion of our expenses is denominated in RM and currencies where our Qualifying Acquisition may be held in. The RM operates on a managed float basis, and an appreciation of the RM against foreign currencies may materially and adversely affect our financial performance as it may reduce our revenue in RM terms. Accordingly, changes in the foreign currencies to the RM rate could have an adverse impact on our results of operations and financial condition, including as a result of translation adjustments in converting foreign currencies to RM for financial statement purposes.

**4.2 RISKS RELATING TO THE OIL AND GAS INDUSTRY****4.2.1 Fluctuations in oil and gas prices may cause a reduction in the demand or profitability of the products or services we may ultimately produce or offer.**

Prices for oil and gas tend to fluctuate widely based on a variety of factors including political and economic factors. These price fluctuations heavily influence the oil and gas industry and its related infrastructure. Lower oil and gas prices for existing products tend to limit the demand for alternate forms of oil and gas services and related products and infrastructure. Factors that impact price fluctuations include the actions of the members of the organisation of petroleum exporting countries ("OPEC"), the level of production by non-OPEC countries, worldwide demand for oil and gas, political tensions involving OPEC and non-OPEC countries and other varying factors. If we complete a Qualifying Acquisition with a target company or asset that is involved in the oil and gas industry and is affected by these or other factors, there may be a decrease in the demand for the products or services we may ultimately produce or offer and our future profitability could be adversely affected.

**4.2.2 Increases in oil and gas prices or changes in government initiatives, policies and regulations towards the oil and gas industry may affect our ability to complete a Qualifying Acquisition.**

Any significant increases in oil and gas prices would likely increase the valuation of target company(ies) or asset(s). In the event that such valuations exceed the funds available to us through the equity or debt markets, our ability to complete a Qualifying Acquisition would be adversely affected or we may be forced to acquire a smaller interest or asset than originally envisaged. In addition, while governments generally seek to encourage oil and gas E&P activities, any adverse changes to the governments' current initiatives, policies and regulations towards the E&P industry may limit the opportunities available to us.

**4.2.3 Government initiatives and policies towards the oil and gas industry may affect the level of oil and gas activities in the targeted regions.**

The level of oil and gas E&P activities is sometimes influenced by governments' initiatives and policies towards the industry. Governments often encourage such activities when they require additional foreign source income and foreign direct investment. These objectives are normally achieved through offering oil production sharing contracts to the oil companies by the governments. Such oil production sharing contracts allow oil companies to undertake oil and gas E&P activities in a country while the respective government shares a percentage of output from the oil production activities. As such, any adverse change or development to the current governments' initiatives and policies towards the oil and gas industry may lower the level of oil and gas E&P activities in the region, hence adversely affecting our future business operations and performance.

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**4. RISK FACTORS (Cont'd)**

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**4.2.4 Failure to comply with regulations within the oil and gas industry could reduce our profitability following a Qualifying Acquisition and such non-compliance could result in the imposition of penalties, fines or restrictions on operations and remedial liabilities.**

The oil and gas industry is subject to extensive federal, state and local laws and regulatory regimes related to the environment and health and safety aspects of the business. Compliance with these laws, regulations and obligations could require substantial capital expenditure. Failure to comply could result in the imposition of penalties, fines or restrictions on operations and remedial liabilities. These costs and liabilities could adversely affect our operations following an acquisition. These laws, regulations and obligations could change with the promulgation of new laws and regulations or a change in the interpretation of existing laws and regulations, which could result in substantially similar risks. We may not be able to comply with existing or new regulations. Further laws and regulations in the places where our potential customers operate in, following an acquisition in the oil and gas industry may require our potential customers to meet certain standards and impose liabilities for non-compliance. Although we may not be directly regulated by these laws and regulations, there is no assurance that our potential customers will not seek recourse from us in the event of non-compliance with such laws and regulations, even if our products and services meet the specifications required of us in the contractual documents with our potential customers. In addition, the liabilities and risks imposed on our potential customers by such laws and regulations may adversely impact demand for some of our future products or services or impose greater liabilities and risks on us.

**4.2.5 If we are unable to acquire or renew permits and approvals required for our operations following a Qualifying Acquisition, we may be forced to suspend or cease our operations altogether.**

The construction and operation of oil and gas projects require numerous permits and approvals from governmental agencies. We may not be able to obtain all necessary permits and approvals following a Qualifying Acquisition. If we are unable to obtain or renew permits or approvals necessary for the operation of our company or asset following a Qualifying Acquisition, our operations would be adversely affected. In addition, obtaining all necessary permits and approvals may necessitate substantial expenditures and may create a significant risk of expensive delays or loss of value if a project is unable to function as planned due to changing requirements or local opposition.

**4.2.6 The oil and gas industry is exposed to exploration risks.**

The outcome of oil and gas exploration may be affected by exploration risks resulting from factors such as unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in availability of drilling rigs and the delivery of equipment, which may lead to higher cost of operations. Further, uncertainty in the result of exploration also arises from unprofitable efforts, which may be due to dry wells or from productive wells which do not produce sufficient revenues to generate a positive cash flow. In addition, the possibility of long lead times in coordination of activities required in order to undertake an exploration, such as obtaining environment-related clearance from authorities, obtaining seismic data, carrying out subsea surveys, obtaining partner approvals and securing capacity for rig and other services which are part of the exploration process, may lead to unsuccessful oil and gas exploration. If these factors occur, our future financial conditions would be adversely affected.

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**4. RISK FACTORS (Cont'd)**

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**4.2.7 The oil and gas industry is exposed to development risks.**

The oil and gas industry's development operations are affected by development risks such as blowouts, oil spills and fires (each of which could result in damage to, or destruction of, wells, production facilities or other property, or injury to persons), geological uncertainties and unusual or unexpected rock formations and abnormal pressures, which may result in dry holes, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves. Further, estimation of the oil and gas reserves in the subsurface are made by inferring subsurface conditions from limited data such as seismic data and wells that only penetrate a small fraction of potential and actual reservoirs and such inferences are, by nature, uncertain. While we may attempt to reduce such uncertainty by generating additional seismic data or drilling of further wells, such uncertainty cannot be completely eliminated.

**4.2.8 The oil and gas industry is exposed to production risks.**

The performance of oil and gas business is subject to adverse production operating conditions, such as delays in obtaining governmental approvals or consents, shut-ins of connected subsea wells, resulting from extreme weather conditions, insufficient storage or transportation capacity or any other adverse geological and mechanical conditions, which may affect the oil and gas business' production from successful wells. Further, the performance of the oil and gas business is also subject to factors such as the availability of the necessary infrastructure to transport oil and gas to potential buyers at a commercially acceptable price. Obstacles from transportation of oil and gas, include but are not limited to, obtaining necessary approvals for installing or utilising pipelines, capacity constraints and general politics which may cause economic instability and the oil and gas business to not be successful in its efforts to secure transportation and markets for all of its potential production.

**4.2.9 The oil and gas business is reliant on the discovery and production of replacement reserves.**

Following a Qualifying Acquisition of a company or asset in the oil and gas industry, we must continually explore, develop and acquire new hydrocarbon reserves to replace those produced and sold. Our ability to achieve this objective is dependent, in part, on our level of investment in exploration activities and success in discovering or acquiring additional oil and gas reserves. Our exploration and development activities to seek additional reserves exposes us to risks associated with drilling as well as the risk that economically recoverable reserves will not be discovered. Without reserve additions, our reserves and production will decline over time as its existing reserves are depleted, which would adversely affect our future financial position and performance.

**4.2.10 Our ability to expand will depend on our ability to retain and recruit skilled personnel and professional staff.**

Following a Qualifying Acquisition of a company or asset in the oil and gas industry, our company or asset will require skilled personnel and professional staff in the areas of exploration and development, operations, engineering, marketing, finance and accounting. We require skilled personnel and professional staff as we may be carrying operatorship roles in our future projects. Competition for such skilled personnel and professional staff is intense and comes primarily from similar businesses active in the oil and gas industry. Limitations in our ability to hire and train the required number of skilled personnel and professional staff would reduce our capacity to undertake further projects and may have an adverse impact on our future operations, results and growth.

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**4. RISK FACTORS (Cont'd)**

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**4.2.11 We are reliant on the infrastructure of third party providers.**

As an oil and gas E&P company, we do not own or maintain the entire infrastructure that produces, processes and transports oil and gas to our customers. Such infrastructure, which includes pipelines and storage tanks, is leased from third party providers and we have no control over the quality, rates and availability of this infrastructure. We may, from time to time, face interruptions due to logistical complications.

In the event that there is a disruption or delay in the availability of this infrastructure, we would be unable to sell our products until the problem is corrected or until we find alternative means to deliver our products to our customers. Such alternative means, if available, would likely result in increased costs, and may have an adverse effect on our future operations, business and profitability.

**4.2.12 Changes in technology may render our products or services obsolete following a Qualifying Acquisition.**

The oil and gas industry and its related infrastructures are substantially affected by rapid and significant changes in technology. These changes may render certain existing services and technologies currently used obsolete. The technologies used by or relied upon by a target company or asset with which we effect a Qualifying Acquisition may be subject to such obsolescence. While we may attempt to adapt and apply the services provided by the target company or asset to newer technologies, our resources may be insufficient to fund these changes or these changes may ultimately prove unsuccessful.

**4.3 RISKS RELATING TO THE IPO****4.3.1 There is no prior market for our Shares and Warrants, and an active market for our Shares and Warrants may not develop after Listing.**

Prior to this IPO, there has been no public market for our Shares and Warrants. There can be no assurance that an active and liquid market for our Shares and Warrants will develop and continue to develop upon or subsequent to our Listing or, if developed, that such a market will be sustained. We believe that a variety of factors could cause our share price to fluctuate and such fluctuations may adversely affect the market price of our Shares and Warrants. The Issue Price has been determined after taking into consideration a number of factors as stated in Section 3.4 of this Prospectus. There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing.

**4.3.2 IPO Investors would face immediate and substantial dilution in the NA per Share after the Public Issue and may experience future dilution.**

The Issue Price is higher than our NA per Share after the Public Issue. Therefore, the IPO Investors will experience an immediate dilution in NA per Share of RM0.19 per Share and RM0.18 per Share under the Minimum Subscription and Maximum Subscription respectively after the Public Issue and payment of listing expenses. Further, assuming full exercise of the Warrants, the IPO Investors will experience further dilution in NA per Share of RM0.26 per Share under both the Minimum Subscription and Maximum Subscription.

In the future, pursuant to the completion of the Qualifying Acquisition, we may require additional funding and we may consider offering and issuing additional Shares or equity-linked securities. The IPO Investors may experience further dilution in NA per Share if we issue additional Shares or equity-linked securities in the future.

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**4. RISK FACTORS (Cont'd)**

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Please refer to Sections 3.3.1, 3.7, 7.1.1.1, 7.2.1.1 and 7.3.1.1 of this Prospectus for information on the dilutive effects of the full exercise of the Warrants on the issued and paid-up share capital, shareholding structure and NA per Share of our Company.

**4.3.3 Investment in the capital market exposes the investor to capital market risk.**

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price, which may already fluctuate significantly and rapidly as a result, *inter-alia*, of the following factors:

- differences between our Company's actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume;
- changes in our Company's operating results;
- changes in securities analysts' estimates of our Company's financial performance and recommendations;
- change in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions.

**4.3.4 Forward-looking statements may not be reflective of our future prospects.**

Our Prospectus contains forward-looking statements which are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying this information should be carefully considered by the investors and should not be regarded as a representation by our Company and our advisers that the objectives and the future plans of our Company will be achieved. Any differences in the expectation of our Company from our actual performance may result in our Company's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

**4.3.5 Unforeseeable events could result in the delay in Listing or the termination of the Listing exercise.**

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Listing or our Listing to be aborted:

- (i) the Underwriter exercising the rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder;

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**4. RISK FACTORS (Cont'd)**

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- (ii) we are unable to meet the public spread requirement as determined by Bursa Securities, i.e. at least 25% of our enlarged issued and paid-up ordinary share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iii) we are unable to meet the minimum requirement for the listing of the Warrants-A, that is, at least 100 warrant holders holding not less than 1 board lot of the warrants each.

In such an event, our Board will endeavour to take the necessary steps in the best interests of our Company and its shareholders as well as the economic conditions at that point in time, including, subject to restrictions set out in Section 4.3.6 below, return in full without interest, all monies paid in respect of any Applications accepted. Our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

**4.3.6 Delay between admission and trading of the Public Issue Shares may result in prolonged delays or the inability for investors to recover monies paid in respect of the Public Issue Shares.**

After the Public Issue Shares and Warrants-A have been allotted and/or allocated to the respective investors' CDS accounts in Bursa Depository, which would occur at least 2 clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of the Public Issue Shares and Warrants-A from us in the event the Admission and the commencement of trading on the Main Market of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of a reduction of our share capital. A capital reduction would require the approval by special resolution of our shareholders as well as approval by the Malaysian High Court.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

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## 5. INFORMATION ON OUR BUSINESS

### 5.1 BACKGROUND INFORMATION

#### 5.1.1 Background

Our Company was incorporated in Malaysia under the Act as a private limited company on 5 December 2007 under the name of Hibiscus Petroleum Sdn Bhd. On 20 December 2010, our Company converted into a public company under the name of Hibiscus Petroleum Berhad. The principal activity of Hibiscus Petroleum is as an investment holding company. Our Company has yet to commence business operations.

We intend to list on the Main Market of Bursa Securities as a SPAC. SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purposes of raising funds to acquire operating companies or businesses.

#### 5.1.2 Key criteria of a SPAC

The key criteria of a SPAC, as provided for under the SC Guidelines, are as follows:

| Key Criteria                | Details  |
|-----------------------------|--|
| Minimum funds raised        | A SPAC must raise at least RM150,000,000 through its IPO.  |
| Interest of management team | Members of the management team of the SPAC must own at least 10% of the SPAC upon IPO.   |
| Management of IPO proceeds  | <p>A SPAC must place at least 90% of the gross proceeds from its IPO in a Trust Account immediately upon receipt of all proceeds. The monies in the Trust Account may only be released by the Custodian upon termination of the Trust Account.</p> <p>The proceeds in the Trust Account may be invested in Permitted Investments. Any interest generated by the funds held in the Trust Account including interest/dividend income derived from the Permitted Investments, must accrue to the Trust Account.</p> <p>The balance of the proceeds from the IPO, being 10% of the proceeds, may be utilised to defray expenses related to the IPO and for working capital purposes including but not limited to operating costs, fund the search for a target company or asset and completing the Qualifying Acquisition.</p> <p>For avoidance of doubt, the funds from the Subscription by Hibiscus Upstream, Initial Investors' Utilisation Amount and Subscription by the Initial Investors will not be included in the Trust Account.</p> |
| Qualifying Acquisition      | An initial acquisition of target company(ies) or asset(s) which has an aggregate fair market value of at least 80% of the aggregate amount in the Trust Account (net of any taxes payable).  |

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**


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| Timeframe for completion of a Qualifying Acquisition | <p>Within 3 years from the date of listing of the SPAC. In the event the SPAC fails to complete the Qualifying Acquisition within the Permitted Timeframe, it will be delisted from the Main Market of Bursa Securities.</p>   |
| Shareholders' approval for a Qualifying Acquisition  | <p>The resolution on the Qualifying Acquisition must be approved by a majority in number of shareholders representing at least 75% of the total value of shares held by all shareholders present and voting either in person or by proxy at an EGM. Where the Qualifying Acquisition comprises more than 1 acquisition, each acquisition must be approved by the shareholders of the SPAC in the same manner.</p> <p>The management team and persons connected to the management team must abstain from voting.</p>  |
| Refund to dissenting shareholders                    | <p>Shareholders (other than the management team and persons connected to them) who vote against a Qualifying Acquisition at the EGM will be entitled to receive, in exchange for their Shares, a sum equivalent to a pro rata portion of the amount then held in the Trust Account (net of any taxes payable and expenses related to the facilitation of the exchange), provided that such Qualifying Acquisition is completed within the Permitted Timeframe. The Shares tendered in exchange for cash must be cancelled.</p> <p>Please refer to Section 5.1.3 of this Prospectus for the basis of computation for the Qualifying Acquisition Share Repurchase.</p>   |
| Custodian  | <p>The SPAC will secure and maintain custodial arrangements at all times over the monies in the Trust Account until the termination of the Trust Account.</p> <p>The roles and responsibilities of the Custodian are as follows:</p> <ul style="list-style-type: none"> <li>(i) The Custodian must hold in trust, the proceeds from an issuance of securities by the SPAC, in accordance with the Custodian Agreement, the SC Guidelines and applicable laws;</li> <li>(ii) The Custodian must take appropriate measures to ensure the safekeeping of the monies held in the Trust Account. In particular, the Custodian must ensure that: <ul style="list-style-type: none"> <li>(a) Proper accounting records and other records as are necessary are kept in relation to the Trust Account;</li> <li>(b) Custody and control of monies held in the Trust Account is in accordance with the provisions of the Custodian Agreement;</li> </ul> </li> </ul> |

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (iii) The Custodian may be provided a mandate by the management team to invest the amounts held in the Trust Account in Permitted Investments;
- (iv) The Custodian may only distribute and/or liquidate the funds held in the Trust Account in accordance with the provisions in the Custodian Agreement.

Please refer to Section 5.1.5 of this Prospectus for the salient terms of the Custodian Agreement.

### Liquidation

In the event the SPAC fails to complete a Qualifying Acquisition within the Permitted Timeframe, it must be liquidated. The amount then held in the Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution), must be distributed to the respective shareholders on a pro rata basis as soon as practicable, as permissible by the relevant laws and regulations. Any interest earned from the Permitted Investments accruing to the Trust Account will form part of the Liquidation Distribution. The management team and persons connected to them may not participate in the Liquidation Distribution, except for securities purchased by them after the date of listing of the SPAC on the Main Market of Bursa Securities.

Please refer to Section 5.1.3 of this Prospectus for the basis of computation for the Liquidation Distribution.

### 5.1.3 Basis of computation for the Qualifying Acquisition Share Repurchase and the Liquidation Distribution

The basis of computation for the Qualifying Acquisition Share Repurchase (provided that such Qualifying Acquisition is duly approved and completed within the Permitted Timeframe) is as follows:

$$X = \frac{Y}{Z}$$

Where:

- X = Amount per Share payable to the Dissenting Shareholder
- Y = Amount then held in Trust Account (net of any taxes payable and expenses related to the Qualifying Acquisition Share Repurchase)
- Z = Total number of Shares excluding Shares held by the Management Team, the Non-Independent Directors, persons connected to the Management Team and Non-Independent Directors and the Initial Investors<sup>(1)</sup>

Note:

- (1) Except in relation to Shares purchased by the Initial Investors after the Listing or pursuant to the Public Issue.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

In order to exercise the right to require our Company to purchase Shares under the Qualifying Acquisition Share Repurchase, a shareholder shall be required to send a notice in writing to our Company (in such format, and within such timeframe as may be prescribed by our Company from time to time).

The satisfaction of the purchase consideration for the Qualifying Acquisition Share Repurchase shall be effected by our Company in favour of each Dissenting Shareholder within 7 Market Days after the Qualifying Acquisition has been fully and duly completed. Such payment to the Dissenting Shareholders shall be effected in the same manner as provided in our Articles of Association in relation to dividends. Please refer to Section 12.2 of this Prospectus for the relevant extracts from our Articles of Association.

In the event that the Qualifying Acquisition cannot be completed, the Dissenting Shareholders shall not be paid and we shall search for another Qualifying Acquisition so long as it is within the Permitted Timeframe.

The basis of computation for the Liquidation Distribution is as follows:

$$A = \frac{B}{C}$$

Where:

A = Amount per Share payable to the Shareholder

B = Liquidation Amount

C = Total number of Shares excluding Shares held by the Management Team, the Non-Independent Directors, persons connected to the Management Team and the Non-Independent Directors and the Initial Investors<sup>(1)</sup>

Note:

(1) *Except in relation to Shares purchased by them after the Listing and Shares purchased by the persons connected to the Management Team and the Non-Independent Directors pursuant to the Public Issue*

The Liquidation Amount shall be distributed to the shareholders on a pro-rata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations provided always that the Management Team, persons connected to them, the Directors and the Initial Investors shall renounce their entitlement to (and shall not participate in) the Liquidation Distribution, except in relation to Shares purchased by the Management Team, persons connected to them, the Directors and the Initial Investors after the Listing and Shares purchased by the persons connected to the Management Team pursuant to the Public Issue.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### 5.1.4 Share capital and changes in share capital

Our present authorised share capital is RM25,000,000 comprising 100,000,000 RCPS and 2,400,000,000 Shares, of which 4,998,000 RCPS and 77,792,422 Shares have been issued and fully paid-up.

The changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:

#### (i) Shares

| Date of allotment/<br>subdivision | No of Shares<br>allotted/<br>subdivided | Par<br>value<br>RM | Consideration         | Cumulative issued<br>and paid-up ordinary<br>share capital<br>RM |
|-----------------------------------|---|--------------------|-----------------------|--|
| 05.12.2007                        | 2                                       | 1.00               | Cash                  | 2  |
| 13.12.2010                        | 200                                     | 0.01               | Subdivision of Shares | 2  |
| 28.4.2011                         | 55,570,000                              | 0.01               | Conversion of RCPS    | 555,702  |
| 6.5.2011                          | 22,222,222                              | 0.01               | Cash                  | 777,924  |

#### (ii) RCPS

| Date of allotment/<br>conversion | No of RCPS<br>allotted/<br>converted | Par<br>value<br>RM | Consideration      | Cumulative issued<br>and paid-up RCPS<br>RM |
|----------------------------------|--------------------------------------|--------------------|--------------------|---|
| 13.12.2010                       | 10,555,000                           | 0.01               | Cash subscription  | 105,550                                     |
| 28.4.2011                        | 5,557,000                            | 0.01               | Conversion of RCPS | 49,980                                      |

There were no discounts, special term or instalment payment plan in relation to the payment for the abovementioned RCPS and Shares.

In addition to the above, our Company will also be issuing between 222,222,222 and up to 422,222,222 Warrants-A and between 55,570,000 and up to 105,550,000 Warrants-B comprising the following:

- (i) 22,222,222 Warrants-A to the Initial Investors as part of the Capitalisation of Initial Investors' Utilisation Amount and the Subscription by the Initial Investors;
- (ii) Between 55,570,000 and up to 105,550,000 Warrants-B pursuant to the conversion of RCPS held by Hibiscus Upstream; and
- (iii) Between 200,000,000 and up to 400,000,000 Warrants-A pursuant to the Public Issue.

The Warrants-A will be issued simultaneously in 1 series and the Warrants-B will be issued simultaneously in 1 series. Details in relation to the terms and conditions of the Warrants have been set out in Section 3.3.3 of this Prospectus.

Save as disclosed above, there are no other outstanding warrants, options, convertible securities and uncalled capital in our Company.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**5.1.5 Salient terms of the Custodian Agreement**

The following are extracts of the salient terms contained in the Custodian Agreement:

**1. APPOINTMENT**

- 1.1 The Company appoints the Custodian, and the Custodian agrees to act, as the SPAC Custodian for the Company in accordance with the terms of the Custodian Agreement, the SC Guidelines and other applicable laws.
- 1.2 The Custodian hereby confirms, represents and warrants to the Company that it is:
- (i) a trust company registered under the Trust Companies Act 1949;
  - (ii) in the list of "Registered Trustees in Relation to Unit Trust Funds" issued by the SC; and
  - (iii) duly qualified to act as a SPAC Custodian under the SC Guidelines.
- 1.3 The Custodian's appointment shall commence on the date of the Custodian Agreement and shall continue until terminated pursuant to Clause 6 below.

**2. TRUST AND COVENANTS**

- 2.1 The Custodian declares, acknowledges and confirms that it shall hold the Trust Property in trust for our Company subject to the provisions of the Custodian Agreement.
- 2.2 Other than the right to require the Custodian to comply with the terms of the Custodian Agreement, our Company shall not be otherwise entitled to compel the transfer or distribution or any other dealing or application of the Trust Property or have any other entitlement or interest in relation to the Trust Property or any part thereof, except in accordance with the SC Guidelines.
- 2.3 The Custodian covenants that it shall duly perform all its obligations and covenants and all terms, conditions and provisions on its part to be performed as contained in the Custodian Agreement and warrants that:
- (i) it has the power to enter into, and perform the obligations on its part to be performed under, the Custodian Agreement, and
  - (ii) its obligations under the Custodian Agreement are valid, binding and enforceable.
- 2.4 Except in accordance with the Custodian Agreement or as directed by a competent court or authority, the Custodian agrees, covenants and undertakes not to assign, transfer, sell, charge, surrender, encumber or otherwise howsoever alienate or deal with the trust property or any part thereof or make the same subject to any burden, charge, encumbrance, liability or lien whatsoever, or agree or enter or execute any form of agreement or instrument to assign, transfer, sell, charge, surrender or otherwise howsoever deal with the trust property or any part thereof or to make the same subject to any burden, charge, encumbrance, liability or lien whatsoever.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**3. RESPONSIBILITIES OF THE CUSTODIAN**

- 3.1 The Custodian shall be responsible for the following:
- (i) Open and maintain the Trust Account.
  - (ii) Deposit the IPO Trust Proceeds and the Cash Trust Assets into the Trust Account immediately upon the Custodian's receipt of the same.
  - (iii) Undertake such Permitted Investments as may be instructed by the authorized person of our Company ("**Authorised Person**"), in accordance with the Custodian Agreement, on behalf of our Company.
  - (iv) Ensure the prompt deposit of all interest, dividend and other income derived from (or attributable to) the Permitted Investments into the Trust Account unless otherwise instructed by the Authorised Person, in accordance with the Custodian Agreement, to invest the same in the Permitted Investments.
  - (v) Other than for purposes of paragraph (iii) above, not withdraw, transfer, distribute, liquidate or release any of the funds or monies deposited into (or held in) the Trust Account, except in accordance with the Custodian Agreement.
  - (vi) Take appropriate measures to ensure the safekeeping of the monies held in the Trust Account at all times.
  - (vii) Ensure that proper and complete books, statements and accounting records (including such other records as may be necessary or relevant) are duly kept and maintained in relation to all Trust Property and the Trust Account (including the transactions and dealings carried out by the Custodian in relation thereto).
  - (viii) Ensure that custody and control of the monies held in the Trust Account is in accordance with the provisions of the Custodian Agreement and the SC Guidelines at all times.
  - (ix) Not exercise any voting or other rights in relation to the Permitted Investments constituting the Trust Property, except in accordance with the instructions of the Authorised Person.
  - (x) Duly release such funds or make such payments out of the Trust Property in accordance with the Custodian Agreement.
- 3.2 Except in accordance with the Custodian Agreement, the Custodian shall not deal as beneficial owner on the sale or purchase of any Trust Property to or from our Company, or, without the consent of the board of directors of the Company, deal with our Company otherwise than as principal.
- 3.3 The Custodian's books and records pertaining to the services provided under the Custodian Agreement shall be open to inspection and audit at all reasonable times by the auditors of the Company and/or such other duly authorised representatives of the Company, upon reasonable written notice thereof being given to the Custodian.
- 3.4 The Custodian shall deliver to the Authorised Person the periodic and other reports listed in Schedule 2 of the Custodian Agreement, such reports to contain the relevant information as agreed by the parties.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**4. POWERS OF THE CUSTODIAN**

4.1 The Custodian shall have the following powers:

- (i) To do or omit all such acts or things as the Custodian reasonably considers to be necessary or relevant in order to perform its duties under the Custodian Agreement or to comply with any law, order, regulation or direction of any governmental or regulatory authority, without further reference to our Company.
- (ii) To invest the IPO Trust Proceeds, Subsequent Rights Issue Trust Proceeds (if any), Cash Trust Assets and other monies held in the Trust Account in such Permitted Investments as may be authorized or instructed by the Authorised Person on behalf of our Company from time to time.

4.2 Unless mutually agreed by the parties, the Custodian shall not delegate its duties, responsibilities or powers under the Custodian Agreement to any other party.

4.3 Notwithstanding any provisions (whether expressed or implied) contained in the Trustee Act 1949, it is expressly declared that the Custodian shall not, to the fullest extent permitted by law, have any other rights or powers over the Trust Property or any interest, title or benefit in relation thereto save as may be expressly provided in the Custodian Agreement.

**5. FEES**

5.1 In consideration of the Custodian acting in accordance with the Custodian Agreement, the Custodian shall be entitled to charge and be paid its agreed fees and charges and such fees and charges shall be borne or paid by the Company in accordance with the Custodian's accepted fee proposal dated 27 December 2010.

**6. TERMINATION AND DURATION**

6.1 Subject to earlier termination in accordance with the Custodian Agreement, the Custodian Agreement shall continue in force until the expiry of the Permitted Timeframe and all Trust Property has been duly transferred or released by the Custodian to the relevant parties.

6.2 The Custodian Agreement may be terminated by either party with a minimum of 3 months prior written notice to the other party and the SC, such notice to also set out the reasons for such termination/resignation by the first-mentioned party in accordance with the SC Guidelines. Without limiting the generality of the above, either party may give notice to terminate the Custodian Agreement if any of the following events (other than the approval of the shareholders of Hibiscus Petroleum for a Qualifying Acquisition pursuant to Article 61C(4) of the Articles of Association or the winding-up and liquidation of Hibiscus Petroleum pursuant to Article 61C(6) of the Articles of Association ("**Relevant Event**") or as may be otherwise contemplated in the Custodian Agreement) occur:

- (i) the other party is in breach of any material term of the Custodian Agreement and such breach shall not have been remedied within 30 days after service of notice by the first-mentioned party requiring the same to be remedied;

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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- (ii) the other party shall go into liquidation, a resolution is passed for its winding up, or a receiver or official administrator or similar officer is appointed over any assets of that party (except as contemplated in the Custodian Agreement including, without limitation, as referred to in the Custodian Agreement or a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the other party);
- (iii) if the other party ceases or threatens to cease to carry on the whole or a substantial part of its business; or
- (iv) if the other party becomes insolvent or is unable to pay its debts as they fall due or enters into any composition or arrangement with its creditors.

6.3 The Company shall ensure that:

- (a) a replacement SPAC Custodian is identified and duly appointed (in accordance with, and for purposes of, the SC Guidelines) within the notice period referred to in the Custodian Agreement; and
- (b) the newly appointed SPAC Custodian immediately notifies the SC in writing of its appointment.

The termination referred to in the Custodian Agreement shall only become effective when the appointment of the new SPAC Custodian by the Company becomes effective.

**7. RELEASE / PAYMENT OF TRUST PROPERTY**

7.1 Subject to the instructions of our Company in this regard, and compliance with the applicable provisions of the Articles of Association and the SC Guidelines, the Custodian shall liquidate all or part of the Permitted Investments and Non-Cash Trust Assets into cash, and deposit all the monies into the Trust Account within 5 business days or such other timeline as may be agreed between the parties after receiving a notice from our Company (together with an appropriate supporting statutory declaration from the Authorised Person) confirming the occurrence of the Relevant Event.

7.2 After the liquidation of all Permitted Investments and Non-Cash Trust Assets, and the deposit of monies into the Trust Account pursuant to Clause 7.1 above:

- (i) where the Relevant Event relates to Article 61C(4) of our Articles of Association, the Custodian shall release the relevant amount of monies (as calculated in accordance with Article 61C(5) of Articles of Association) from the Trust Account for purposes of the Qualifying Acquisition Share Repurchase (as defined in the Articles of Association and insofar as it is applicable) and shall release the balance of the monies to our Company for purposes of completion of the Qualifying Acquisition in accordance with Articles of Association and the SC Guidelines;
- (ii) where the Relevant Event relates to Article 61C(7) of Articles of Association, the Custodian shall release all the monies standing from the balance of the Trust Account in accordance with the provisions of Article 61C(7),

and thereafter, the trust referred to in Clause 2 above (including the holding of the Trust Account by the Custodian) and the Custodian Agreement will terminate accordingly.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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7.3 Upon its receipt or issue (as may be applicable) of any termination notice, the Custodian shall liquidate all the Permitted Investments and all Non-Cash Trust Assets into cash, and deposit all the monies into the Trust Account within 5 business days thereafter. All the monies standing to the balance of the Trust Account shall then be released as soon as possible to the new SPAC Custodian appointed (and in any event within five (5) business days after the appointment of the new SPAC Custodian), after which the Custodian Agreement will terminate accordingly.

**8. LIABILITY AND INDEMNITY**

8.1 In consideration of the Custodian agreeing to hold the Trust Property on trust under, and acting in accordance with the terms and conditions of the Custodian Agreement but subject always to Clause 8.2 below, the Company agrees to indemnify and keep the Custodian fully indemnified on a continuing basis for all monies, claims, actions, demands, costs, charges, losses, expenses and other liabilities of whatsoever nature and howsoever, including without limitation the fees, costs and expenses of legal advisors and other experts (hereinafter collectively referred to as "the Liabilities") arising that are or may be properly and reasonably sustained or incurred by the Custodian in the performance of its duties and obligations under the Custodian Agreement or the SC Guidelines or in the due exercise, preservation or enforcement, or the attempted exercise, preservation or enforcement, of any of its duties, rights, powers, authorities or discretions vested in it under the Custodian Agreement or the SC Guidelines (save and except where such Liabilities are sustained or incurred as a result of gross negligence, fraud, breach of trust or wilful default on the part of the Custodian). The parties hereto acknowledge that the foregoing indemnities shall survive the resignation or removal of the Custodian or the termination of the Custodian Agreement, to the relevant extent.

8.2 For the avoidance of doubt and notwithstanding any other provision in the Custodian Agreement, the Custodian shall not be relieved, exempted or indemnified from any liability for breach of trust or for failure to show the degree of care and diligence required of it as a SPAC Custodian or a custodian / trustee generally and no provision or covenant contained in the Custodian Agreement should be construed as so releasing, exempting or indemnifying the Custodian.

8.3 Subject to Clause 8.2 above but notwithstanding any other term or provision of the Custodian Agreement to the contrary, neither party shall be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever including but not limited to loss of profits, whether or not foreseeable, even if that party is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust or otherwise. The provisions of this Clause shall survive the termination or expiry of the Custodian Agreement or the resignation or removal of the Custodian, to the relevant extent.

8.4 Subject to Clause 8.2 above but notwithstanding any other provision to the contrary in the Custodian Agreement, each party shall not in any event be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any reason which is beyond its control.

**5. INFORMATION ON OUR BUSINESS (Cont'd)**

**9. OTHER PROVISIONS RELATING TO THE CUSTODIAN**

- 9.1 The Custodian shall not be responsible for recitals, statements, warranties or representations of the Company as contained in the Custodian Agreement or other documents entered into in connection herewith and shall assume the accuracy and correctness thereof or shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of the Custodian Agreement or such other documents.
- 9.2 For purposes of the proper performance of its duties under the Custodian Agreement, the Custodian shall be entitled to engage and consult, at the expense of the Company, with any qualified legal adviser and professional adviser selected by it and rely upon any advice so obtained and shall be protected and shall not be liable in respect of any action properly taken, or omitted to be done or suffered to be taken, in accordance with such advice.
- 9.3 To the extent provided by law (but subject to the prior written approval of the Company, where applicable), any corporation into which the Custodian may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Custodian shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Custodian shall be the successor to the Custodian hereunder without the execution or filing of any papers or any further act on the part of any of the parties hereto.

**10. COSTS**

The Company shall bear all agreed costs and expenses in connection with the Custodian Agreement and the relevant matters contemplated in the Custodian Agreement, including stamp duty payable on the Custodian Agreement.

**11. ARTICLES OF ASSOCIATION AND SC GUIDELINES TO PREVAIL**

Notwithstanding any provisions in the Custodian Agreement to the contrary, the parties shall ensure full compliance with the terms and requirements of the Articles of Association and the SC Guidelines. For the avoidance of doubt, the terms of the Custodian Agreement shall be subject to the provisions and requirements of the Articles of Association and the SC Guidelines at all times, and in the event of any conflict or inconsistency between the Custodian Agreement and the Articles of Association and/or the SC Guidelines, the provisions and requirements of the Articles of Association and the SC Guidelines shall prevail accordingly.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

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### 5.2 OUR BUSINESS APPROACH

Whilst we shall commence business as a SPAC listed on the Main Market of Bursa Securities, we intend to establish our Company as a junior independent oil and gas E&P player in the near to medium term. In general, upstream oil and gas activities consist of the exploration, development and production of oil and gas resources. Initially, our focus will be to identify and acquire the rights to develop small and medium sized, relatively low to moderate risk oil and gas fields in the South Asia, Middle-East, East Asia and Oceania regions ("**Regions of Interest**"). Opportunities in other geographic areas will only be pursued on a selective basis.

We shall achieve this objective by leveraging on the technical expertise of our Management Team, guided by the experience of our Board. We further expect that some of the opportunities that may be offered to us may be beyond our financial capacity to exploit and to pursue independently. In such circumstances, we will rely on long-standing relationships and knowledge of this market sector and region held collectively by the members of our Board and our Management Team to identify suitable partners so that such opportunities, albeit larger in scale than something we could singly afford, would remain open to us.

#### 5.2.1 START-UP PHASE

##### 5.2.1.1 Business Strategies Adopted in Identification of Prospects

As a SPAC, our stakeholders will initially expect us to identify and propose an appropriate business target as a Qualifying Acquisition. Upon completion of our IPO, when the exact size of our equity base has been finalised, it is our aim to shortlist specific investment opportunities available in our Regions of Interest which meet our selection criteria, the main considerations being:

- fiscal terms (i.e. royalty and tax terms) in the jurisdiction of the target asset;
- financial returns on the capital employed;
- political and security risks;
- technical, operational and sub-surface risks;
- environmental considerations; and
- the overall potential for upside.

Developers and owners of oil and gas E&P assets of various investment sizes and risk profiles operate in our Regions of Interest. Through relationship networks built up over many years of industry participation, our Management Team is generally aware of projects that are seeking investment either by way of an injection of cash or the provision of services. We are also aware that as oil and gas fields gradually decline in production over the course of their productive life, changes occur in the shareholding / ownership structure of these assets. They become of reducing interest to the early owners and developers of the fields and thus, the acquisition of such opportunities may become possible for a young E&P player willing to operate on a leaner cost structure, apply new methodologies (particularly in the area of secondary recovery) and deliver the hydrocarbons faster and in greater volumes than initially anticipated. Finally, there is a major initiative in our Regions of Interest to monetize small oil and gas fields. These types of opportunities shall also be pursued if they are believed to be economically of interest to our Company and its shareholders after the consideration of our investment selection criteria.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

The E&P industry which is generally regarded as high risk relative to some other industries, encompasses specific opportunities with risk profiles ranging from low to high risk. In identifying our early acquisition prospects, we intend to only venture into E&P opportunities of low to moderate risk profiles. These types of opportunities are further described below.

| Risk profile | Location of E&P opportunity                 | Key criteria of E&P opportunity  |
|--------------|---|--|
| Low          | Offshore / Onshore<br>(Regions of Interest) | <ul style="list-style-type: none"> <li>• Proven undeveloped reserves</li> <li>• IOR (Improved Oil Recovery) / Service Agreement</li> </ul>   |
| Moderate     | Onshore<br>(Regions of Interest)            | <ul style="list-style-type: none"> <li>• Proven basin</li> <li>• Good data availability</li> <li>• Good fiscal terms</li> <li>• Political stability of country of location</li> <li>• Stable partners</li> </ul> |

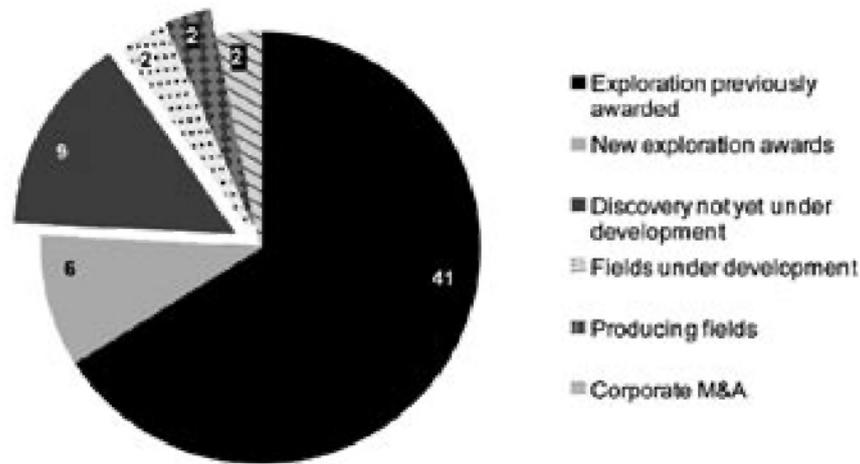
### 5.2.1.2 Favourable Environment for Acquisitions and Development of Opportunities

Initially, our Company shall have to adhere to specific guidelines reserved for a SPAC. We are aware that we shall have to identify an acquisition prospect of a certain size and to recommend that prospect for acquisition by our Company, if it is appropriate. We believe that the oil and gas E&P industry is currently experiencing a favourable environment for making such acquisitions, particularly in our Regions of Interest. Currently, it remains an attractive prospecting environment for a target company or an asset for the following reasons:

- Several junior E&P companies operating in the South East Asia region which committed to aggressive work programmes in a "land grab" prior to the Global Financial Crisis are currently experiencing difficulties fulfilling their work programme obligations. A number of such companies have utilized first round funding for early assessment of assets operated by them. They are now seeking investors for additional funds so that they are able to continue with their planned work;
- Market research conducted by third parties indicate that within the Asia Pacific region, there are opportunities for acquisitions or joint ventures which fall within a price range that we could afford if our IPO is successful. These opportunities carry valuations or entry costs that are less than USD100 million. Figure 1 summarizes the opportunities available as at January 2011 and their current stages of development;

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)



**Figure 1: Asia-Pacific Oil and Gas Deal Availability**

(Source: "Deals in Play – Asia Pacific, Assets for sale, M&A opportunities; JV opportunities; Exploration farm-ins; January 2011" by Derrick Petroleum Services)

Out of the 62 identified deals, 13 of them could be generating revenue within the next 2 years or less. At least 4 of these 13 deals are expected to generate income within a 6-month period or less. Most of the deals described above fall in an investment category below USD25 million;

- Banks and private equity funds have been selective in funding companies involved in high-risk ventures. In particular, access to debt for junior independent E&P companies has been difficult;
- Larger companies (integrated oil companies and large independents) are streamlining their portfolios which include the disposal of smaller oil and gas fields whilst smaller companies funded by private equity funds are also looking for exits (funds coming to the end of their investment life);
- Large independents are moving their investments (which are declining in size) from our Regions of Interest to Africa and other growth areas (for medium and large scale opportunities). Their migration is leaving investment opportunities of the profile that would be of interest to our Company; and
- Within our Regions of Interest, the production and consumption gap is on the increase. As oil prices move on an upward trend, each country within these regions will probably place emphasis on domestic production enhancement. Figure 2 shows the past production and consumption figures as well as the projected production and consumption rates in the near future.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

|   | 2008 | 2009 | 2010f | 2011f | 2012f | 2013f | 2014f | 2015f |
|---|------|------|-------|-------|-------|-------|-------|-------|
| <b>Asia Pacific Consumption (mil bbl/day)</b> | 25.9 | 26.3 | 27.1  | 27.7  | 28.3  | 29.1  | 29.9  | 30.6  |
| <b>Asia Pacific Production (mil bbl/day)</b>  | 8.7  | 8.6  | 8.9   | 9.0   | 9.2   | 9.0   | 9.1   | 8.9   |

**Figure 2: Production and Consumption in Asia Pacific**

(Source: © Business Monitor International Limited; Australia Oil & Gas Report; Q1 2011 (ISSN 1748-3816))

We believe that a lack of resources and limited capacity to raise additional funds in a tight capital market means that credible hydrocarbon leads cannot be appraised and exploited. In addition, the production/ consumption gap building up in our Regions of Interest is expected to cause government bodies to act to develop an increased number of opportunities. Such actions may include improving petroleum fiscal terms to incentivize investment in the industry to allow the monetization of (previously) economically unviable opportunities. Consequently, well funded companies that understand the region and fulfill the relevant criteria will have an opportunity to acquire low risk opportunities with high upside potential.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**5.2.1.3 Early Competitive Strengths**

We believe that several factors will have a favourable impact at the start-up phase of our Company. These factors are:

**(i) Extensive experience and relevant skills of our Board and Management Team**

Through our Directors and Management Team, we believe that we have extensive business, technical and operational knowledge and industry contacts / sources, upon which to generate acquisition opportunities. Further, our Directors and Management Team are from a multi-disciplined background and have experience in evaluating the risks present in initial opportunities, transaction development, acquisition due diligence, structuring, negotiating and closing acquisition and financing transactions in both the public and private markets.

- Our Chairman, Zainul Rahim bin Mohd Zain, possesses more than 30 years of experience in the oil and gas E&P industry. An engineer by training, he held several senior positions within the Shell Group. Prior to his retirement from the Shell Group, he was the Chairman of Shell Companies in Egypt and Managing Director of Shell Egypt N.V. He presently is a board member of Petronas Carigali Sdn Bhd and Petronas Carigali Overseas Sdn Bhd, UKM Holdings Sdn Bhd, Bank Pembangunan Malaysia Berhad, a Trustee of the Shell Sustainable Development Fund and was an Adviser for Sime Darby's Energy & Utilities Division from July 2008 to June 2010.
- Our Managing Director, Dr Kenneth Gerard Pereira, has 29 years of working experience of which 21 years have been in the oil and gas industry. An engineer by training, he has several years of oil and gas field experience in North Africa and Europe with a leading multinational oil and gas services company, Schlumberger Overseas S. A. He also has significant prior sector experience in the start-up and turn-around of companies engaged in the sector. He was one of the founders of the oil and gas service business of the Sapura Group of companies in 1997 involved in the growing of the company organically and through acquisitions until 2008. More significantly, he later successfully organized the acquisition and turn-around of a junior independent oil and gas E&P company listed on the Mumbai Stock Exchange, Interlink. Under his stewardship, Interlink's performance improved substantially and as a result of several initiatives undertaken, its market capitalization increased from approximately USD3.7 million at the end of 2008 to USD35.5 million by the end of 2010. Recently, he successfully completed a doctoral programme conducted by the University of South Australia in which he researched the subject of the 'Start-up, Survival and Growth Strategic Actions of Initially Small Oil and Gas Exploration and Production Companies', a subject very relevant to his current activities.
- Our Director, Dr Rabi Narayan Bastia, is a world renowned Geoscientist. He has been involved in the oil and gas E&P industry for more than 30 years. Most significantly, he was a founder of the E&P business of Reliance Industries Limited, a member of the Reliance Group and is currently the Head of Exploration Management Team of their oil and gas business. The Reliance Group is one of India's largest private sector enterprise. Dr Rabi Narayan Bastia is also credited with the successful exploration of some of India's largest oil basins, many of them in deepwater. He has received several academic and state awards in India, the UK and the USA.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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- Our Director, Zainol Izzet bin Mohamed Ishak, has held a CEO position for 16 years. Of these 16 years, 7 were in Malaysian public listed companies. Zainol Izzet bin Mohamed Ishak is currently the Managing Director of Perisai Petroleum Teknologi Bhd. Prior to this, Zainol Izzet bin Mohamed Ishak was CEO of SapuraCrest Petroleum Berhad (“**SapuraCrest**”), an oil and gas services provider listed on the Main Market of Bursa Securities, where together with Dr Kenneth Gerard Pereira (who was the then Chief Operating Officer), he managed the day-to-day affairs of the company. They were both instrumental in growing and positioning SapuraCrest as one of Malaysia’s leading oil and gas service providers.
- Our Director, Datin Sunita Mei-Lin Rajakumar is a lawyer and Chartered Accountant by training and currently provides consulting services on monitoring and improving national innovation ecosystems, with her first client being the King Abdulaziz City for Science and Technology from the Kingdom of Saudi Arabia. She has had 9 years’ experience in technology consulting and managing a venture capital fund, wholly owned by MIMOS Berhad, a national research institution in Malaysia. In addition, she also has approximately 10 years’ experience in corporate finance and audit.
- Our Head of Petroleum Engineering, Dr Pascal Josephus Petronella Hos, possesses almost 10 years of experience in the oil and gas E&P industry, primarily in reservoir engineering, production technology and rock mechanics. He obtained this experience working for the Shell Group in various technical positions. He has an in-depth knowledge of the petroleum systems of the South East Asia region and more significantly, is an expert in certain secondary recovery techniques that will be useful to our Company, particularly when determining if recovery factors of oil and gas fields can be increased post-acquisition. In addition, Dr Pascal Josephus Petronella Hos is highly skilled in project management, well and reservoir management, reserves reporting, field development planning and project execution.
- Our Petroleum Economist, Ir Mohd Iwan Jefry bin Abdul Majid, has been involved in the oil and gas E&P industry for 18 years. He is an Engineer by training and received his Masters in Petroleum Engineering from Imperial College, London. He has a wealth of regional sub-surface engineering experience working for Petronas Carigali Sdn Bhd, Talisman Energy (Malaysia) Limited, Petroleum Development Oman and multinational oilfield services provider, Schlumberger Overseas S.A. He has also an extensive business network within the upstream oil and gas industry, domestically and regionally.
- Our CFO, Joyce Theresa Sunita Vasudevan, has gained more than 20 years’ of finance experience through working in multinationals, local listed companies and banking institutions. Prior to taking up this assignment, she was the CFO of a private entity, responsible for the overall financial management of several companies. Her other experiences cover areas of audit, corporate finance, business planning and strategic and operations planning.

Please refer to Sections 7.1.2 and 7.2.3 of this Prospectus for the full profiles of our Board and Management Team, respectively.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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We believe that the combination of the academic skill sets of our Board and Management Team, their operating and technical experience, corporate and funding backgrounds, in addition to their extensive network of contacts in the oil and gas sector, provide our Company with a valuable pool of resources upon which to identify the right opportunities and to grow a profitable business.

**(ii) Access to funds**

Our Management Team believes that our status as a well-financed public listed company with access to the equity markets may give us a competitive advantage over entities having a similar business objective as ours when acquiring a target company or asset with growth potential on favorable terms. Further, our listed status and capital raised will facilitate easier access to the debt markets.

**(iii) Risk Management**

We intend to be a junior independent oil and gas E&P company. Understanding how to find oil and gas deposits in commercially viable volumes and developing the most optimum method of extracting that oil or gas will be our core competence. In our early years pursuant to the completion of the Qualifying Acquisition, risk management shall be important and we intend to establish a Risk Management Committee led by a competent and experienced Board member to focus on this element of the business. Our focus shall be to utilise our technical knowledge and experience to build our Company such that it achieves a financially resilient position with a balanced business risk profile. We also intend to outsource activities and services which are not our core competence, particularly if we utilise such services on a sporadic basis and if there are commercial risk factors that merit such actions.

**5.2.1.4 Investment in new technologies**

Our Management Team is aware of emerging technologies that will act as game changers to the oil and gas E&P industry. A key strategic initiative pursuant to our IPO will be to position our Company to license, own or collaborate in some manner with the developers of such technologies so that they may be applied in our Regions of Interest for the benefit of our stakeholders. Having a suitable 'right to use' such technologies may also provide us with a strategic advantage when competing with other parties to secure oil and gas assets. In the area of technology acquisition, the type of technology we shall prioritise will be for improving the recovery factor, reducing the time to first oil, unlocking new resources and increasing the efficiency of production facilities rather than technologies that result in cost reduction.

**5.2.1.5 Prospective Target Companies or Assets**

As at the date of this Prospectus, our Company has not identified any target company or asset on which to concentrate our search for a Qualifying Acquisition and accordingly, has not entered into any agreements whether written or oral, binding or non-binding with any parties. In addition, we have not signed non-disclosure agreements with any potential target companies or assets in the oil and gas E&P industry for information to evaluate the said companies or assets.

While we have not yet identified any acquisition candidates, we believe that our Management Team will propose the acquisition of a target company(ies) or asset(s) within the stipulated time frame. In addition to the competencies and contacts of our Management Team, we may retain independent consultants and advisors with experience in the identification and evaluation of suitable acquisitions to assist us.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

In evaluating a prospective target company or asset, our Management Team will conduct the necessary business, technical, operational, legal and accounting due diligence on such target company(ies) or asset(s) and will consider, among other factors, the following:

- level of proven reserves;
- data availability;
- fiscal terms;
- political stability;
- terms of service agreements in place (if any);
- regulatory environment;
- growth potential;
- experience and skill of operators / partners;
- capital requirements; and
- stage of development of the hydrocarbon assets.

These criteria are not intended to be exhaustive. Any evaluation relating to the merits of a particular acquisition will be based on the above factors as well as other considerations to the extent regarded relevant by our Management Team. In evaluating a prospective target company or asset, we will conduct extensive due diligence reviews which will encompass, among other things, meetings with incumbent operators, partners and/or management, where applicable, and inspection of facilities, as well as review of operational, financial, legal and other information which will be made available to us. We will also seek a valuation of the acquisition target from an independent industry expert.

### 5.2.2 GROWTH PHASE

#### 5.2.2.1 Business Strategies Adopted to Ensure Growth

After the initial Qualifying Acquisition, we believe that there will be initiatives and strategies which we would have to consider for implementation to ensure the long term business continuity and growth for our new venture in the oil and gas E&P environment. The key initiatives are:

##### (i) Continued replacement of reserves

Our primary objective shall be to ensure that our future reserves are being replaced at a rate faster than they are produced and at a relatively low cost. Growing our future reserves will ensure long term business continuity and enhance shareholder value. Our team will continually assess our Company's reserves replacement ratio and ensure timely actions are taken to maximise this ratio without embracing excessive risk. Such strategic actions could involve, but are not limited to, a combination of the following steps:

- reprocessing and interpretation of data for future assets to be owned;
- enhancing the producible volume and/or extending the producing life of the assets;
- acquiring further assets either through acquisitive or licensing processes;
- embarking on infill drilling programs to capture stranded pools of hydrocarbons;
- debottlenecking plant and facilities to enable enhanced production; and
- introducing new technologies which are implemented by "farm-in" partners to assist in the exploration, development and exploitation of high potential assets.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**(ii) Pursuing a balanced portfolio of assets**

Continued access to the required quantum of capital is critical to the long term growth of our Company. Our long term strategic objective is to achieve a balanced portfolio of assets, a situation in which cash from on-going operations will be sufficient to return dividends and fund new ventures during their early stages. Achieving a balanced portfolio of assets will also spread the risks associated with any single project (owned by our Company) not performing to expectations.

**(iii) Safe Operations**

It is critical that our Company executes its operations safely, utilizing industry accepted best practices which are also friendly to the environment. In this respect we have developed policies and principles which shall be implemented at the appropriate time.

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## 6. INDUSTRY OVERVIEW

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### 6.1 OVERVIEW OF THE GLOBAL ECONOMY

As in 2010, the global economy is expected to experience a two-speed and uneven economic recovery in 2011 with the overall economic growth likely to be more moderate. The continued divergence in growth performance between the advanced economies and emerging market economies, reflects the continuing impact of the global financial crisis on the potential growth path for the former. These effects include structural problems related to high unemployment, weak fiscal positions and constrained credit conditions. To some extent, growth prospects in the advanced economies will be supported by recent policy stimulus in the USA and Japan, underscoring the governments' concerns that growth in private sector demand may not be sufficiently strong to sustain economic activity. After experiencing above-trend growth in the previous year, the Asian economies are expected to continue to lead global growth although the momentum will moderate to a pace closer to their long-term averages as the base effect dissipates. While external demand for the region will improve at a slower pace in line with the moderation in the global economy, domestic economic activity in these economies will remain robust, underpinned by positive consumer and business sentiments, improving labour markets and favourable financing conditions.

An emerging feature of the global economy in the post-crisis period is that the global growth is increasingly dependent on the emerging economies. While the emerging economies account for about a third of global Gross Domestic Product ("GDP"), they have contributed more than two thirds of global growth in recent years (1990s: one-third), highlighting the growing importance of emerging economies as the new growth centres. In the recent period, changing growth dynamics have brought about new challenges to the emerging economies following the shift in global short-term capital flows from the advanced economies to the emerging market economies. This trend has been further accentuated by the series of quantitative easing measures in the advanced economies that have contributed to a surge in global liquidity. As the monetary policy normalisation or tightening in the emerging economies is expected to continue, it will contribute to the widening of interest rate differential between the advanced and the emerging economies. These large and persistent short-term capital inflows into emerging economies often also exert significant upward pressure on exchange rates and asset prices in these economies. At the same time, the tendency of these flows to reverse in response to global developments is also likely to create greater volatility in financial prices in the emerging economies. For the regional monetary authorities, the challenges in 2011 will revolve around how best to manage the capital flows while concurrently addressing the emerging inflationary pressures arising from high global commodity prices.

*(Source: Bank Negara Malaysia, Annual Report 2010)*

The global economic recovery continued to strengthen at varying paces across regions in 2010, largely attributed to sustained fiscal stimulus and accommodative monetary policies worldwide. This was further supported by better economic performance in emerging economies, particularly China and India. In the first half of 2010, emerging and developing economies posted strong growth, supported by consumption and investment activities. Meanwhile, the major advanced economies grew at a moderate pace, despite large public debts and high unemployment. In the remaining half of the year, global growth is expected to be moderate. Major economies, particularly the USA and euro area are expected to continue to expand at a slower pace. Lower consumer spending in the USA and fiscal austerity measures in the euro area affected by the sovereign debt crisis are likely to impact growth. However, strong growth in Asia, particularly China, India and the Association of Southeast Asian Nations (ASEAN) economies as well as oil producing countries will provide the impetus for global growth. For 2010, world GDP growth is envisaged at 4.8% (2009: -0.6%).

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**6. INDUSTRY OVERVIEW (Cont'd)**

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Prospects for the global economy remain favourable in 2011 with continued improvements in global trade and investment, particularly in emerging and developing countries. In addition, enhanced post-crisis policy coordination, ongoing regulatory reform of the international financial system and efforts to further liberalise trade and investment are expected to facilitate private sector driven growth. However, challenges to the growth momentum remain. These include the high level of public debt and unemployment rate as well as constrained bank lending in developed economies and tightening of monetary policy in several emerging Asian economies to contain inflationary pressures.

Global growth is projected at 4.2%, led by China, India and Indonesia, which are expected to grow 9.6%, 8.4% and 6.2% respectively, supported by sustained domestic demand, growth in the USA is expected to range between 3.5% and 4.2%, sustained by a pick-up in private demand, while the euro area is anticipated to grow 1.5%, largely due to export growth in Germany and France. World trade is projected to grow 7.0%, contributed by increasing trade in emerging and developing economies, while trade is expected to grow moderately in developed economies. In line with positive world growth and trade prospects, global foreign direct investment ("FDI") is also expected to increase between USD1.3 trillion and USD1.5 trillion.

*(Source: Ministry of Finance Malaysia, Economic Report 2010/2011)*

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## 6. INDUSTRY OVERVIEW (Cont'd)

### 6.2 OVERVIEW OF THE OIL AND GAS INDUSTRY

#### 6.2.1 General introduction to the energy industry

The oil and gas industry is part of the energy supply chain that is a main catalyst of economic growth. The energy industry in 2009 was dominated by a global recession. However, in 2010, this contraction has shown sure signs of recovery although it is uncertain how durable this recovery is and will be.

The International Energy Agency has developed various projections in respect of the future of energy consumption. These scenarios are:

- **A New Policies Scenario:** assumes the implementation of new measures and policies that have already been announced (including national pledges to reduce green house gases) on a gradual and cautious basis;
- **A Current Policies Scenario:** a baseline in which the impact of policies which have already been formally announced and implemented are considered; and
- **A 450 Scenario:** assumes adherence to an energy pathway consistent with the goal of limiting the global increase in average temperature to 2 degrees Centigrade (limiting the concentration of greenhouse gases in the atmosphere to around 450 parts per million of carbon dioxide equivalent).

On a long term basis, irrespective of the scenario selected, world primary energy demand is set to increase substantially. It should be noted that these projections take into account the fact that whilst energy demand is increasing, there have been significant improvements to energy intensity (i.e. the amount of energy required to create each unit of GDP).

Figure 3 below shows primary energy demand projections by scenarios.

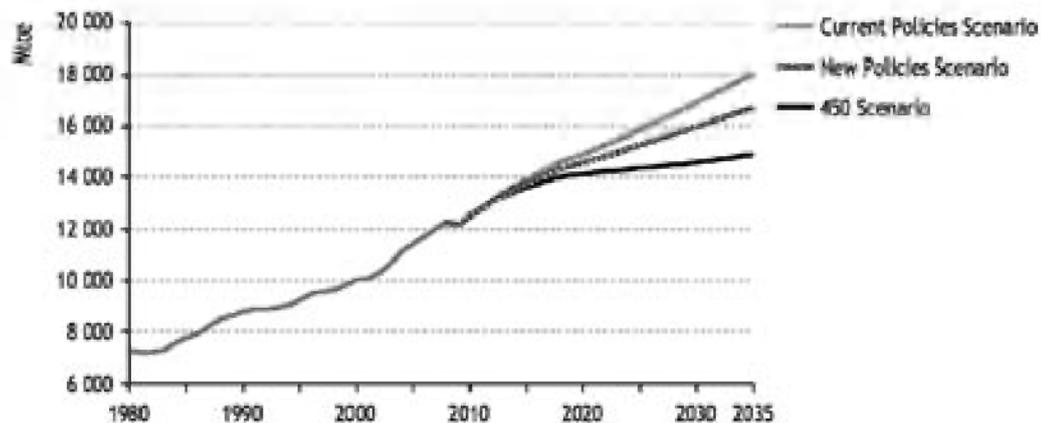


Figure 3: World Primary Energy Demand (By Scenario)

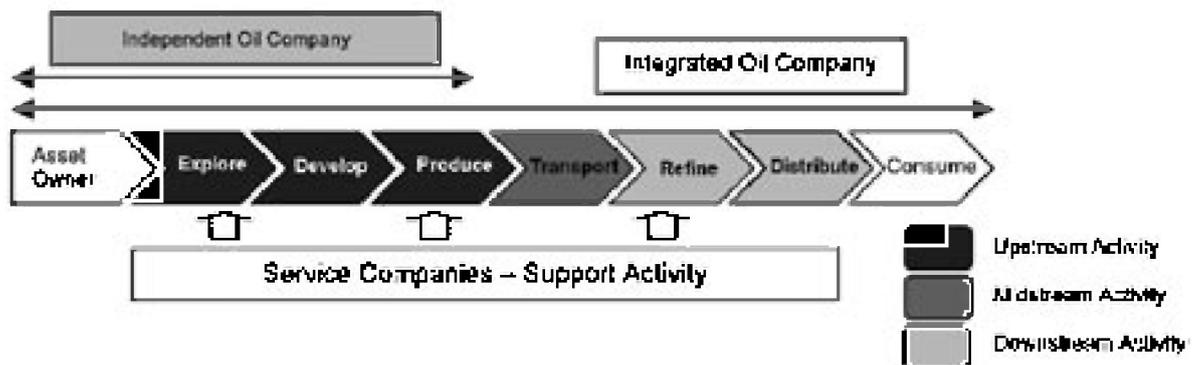
## 6. INDUSTRY OVERVIEW (Cont'd)

According to the Current Policies Scenario, the increase in energy demand is expected to average 1.4% per year over the 2008 – 2035 period. In the New Policies Scenario, world energy demand is expected to increase by 1.2% per year reaching 16,750 million tonnes of oil equivalent, (Mtoe) by 2035, (an increase of 36% during the period 2008 – 2035) and in the 450 Scenario, global energy demand continues to increase, but by an average of 0.7% per year (22% increase over the period 2008 – 2035). The most rapid growth in energy demand is expected to occur in nations outside the Organization for Economic Cooperation and Development (“OECD”).

### 6.2.2 The Oil and Gas Industry: Sector Landscape

#### 6.2.2.1 The Petroleum Value Chain

The primary petroleum value system is as shown in Figure 4 below.



**Figure 4: The Primary Petroleum Value System**

The oil and gas value chain comprises three component activities (upstream, midstream and downstream) performed by three categories of industry specific players; these being:

- Integrated Oil Companies:** defined as companies engaged in the E&P of oil and gas, as well as at least one other significant activity in oil refining, marketing and transportation, or in the chemical industry. The majority of National Oil Companies are Integrated Oil Companies and these companies normally have upstream, midstream and downstream activities. (National Oil Companies are companies which operate as an extension of the government or a government agency, such as Oil and Natural Gas Corporation of India, Pertamina of Indonesia and Petronas of Malaysia, where their role is to support their government's programs either financially or strategically);
- Independent Oil Companies:** exclusively in the E&P segment of the industry, with limited or no downstream marketing or refining within their operations. Independent Oil Companies are further sub-divided into Large Capitalized Independents (Large Cap Independents) or Small Cap independents (also called Junior Independents); and
- Service Companies:** companies that perform services for the Integrated Oil Companies and the Independent Oil Companies and support all components of the value chain.

## 6. INDUSTRY OVERVIEW (Cont'd)

It is the objective of Hibiscus Petroleum to initially be a Junior Independent oil and gas company. As a Junior Independent oil and gas company undertaking E&P activities, our Company shall be impacted by several types of regulatory and fiscal systems. Host governments are generally the owners of hydrocarbon resources and regard these resources as a primary source of fiscal revenue for the state. To generate the fiscal revenues, they design and promote taxation structures that attract industry participants to their jurisdiction by providing a fair balance between sector risks and fiscal costs in that jurisdiction with financial returns. An overview of the petroleum taxation framework is provided in Figure 5 below.

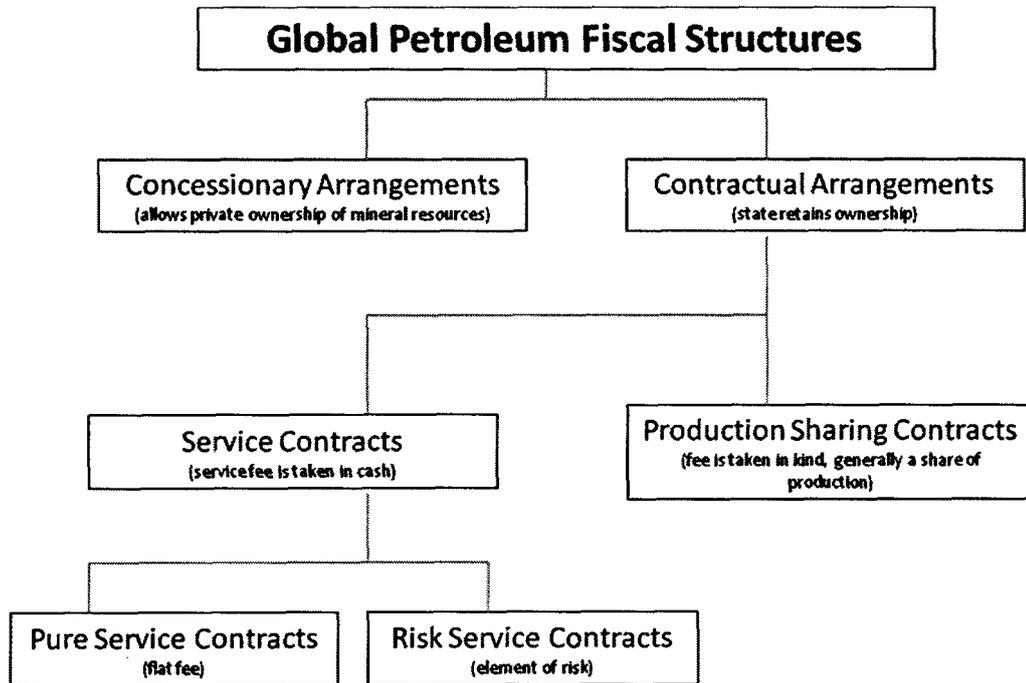


Figure 5: Types of Petroleum Taxation Systems Found Worldwide

### 6.2.2.2 Geological Factors

The oil and gas E&P business is fundamentally built around the exploration, discovery and exploitation of oil and gas deposits found deep underground. It has to be understood that the prevalence of hydrocarbons is not a random geological event. It is the product of complex geological processes that take place only in certain specific conditions. The key components are source rock (deeply buried sediments rich in organic matter), migration pathway (cracks or porous rock, through which newly formed petroleum can escape toward the surface) and finally, a layer of impermeable stone or clay or salt is required to trap the petroleum and create a reservoir or field. Apart from these basic geological conditions, time (a few million years) and temperatures (100 to 135 degrees centigrade) are also required, such temperatures being the environmental conditions at sub-surface depths between 10,000 and 13,000 feet.

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## **6. INDUSTRY OVERVIEW (Cont'd)**

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### **6.2.2.3 Technical Implementation Factors**

Extraction of hydrocarbons require the deployment of complex technical solutions in remote and climatically hostile environments (generally offshore or deep inland, or even sometimes in desert or remote Arctic areas). The selection of the optimal technical solution is a process of securing and applying the relevant human expertise, utilizing the necessary tools and contracting with competent service providers and equipment manufacturers.

### **6.2.2.4 Health and Safety Factors**

Industry players in the oil and gas E&P sector have to contend with a plethora of safety and occupational health hazards by virtue of the hostile conditions existing in the areas where oil and gas deposits are found.

### **6.2.2.5 Environmental Factors**

The influence of environmentalists and the legislation they are currently promoting is increasing, particularly post the Kyoto Protocol.

### **6.2.2.6 Oil Price Fluctuation**

Supply and demand economics combined with political factors govern the price of oil worldwide.

### **6.2.2.7 Long-term Investment Horizons**

The development and production of oil and gas fields are long term projects (particularly gas).

### **6.2.2.8 High Level Competition**

The securing of oil and gas assets is highly competitive in general. In our Regions of Interest, it is estimated that more than 100 companies are currently members of the SEA Scout Check – a group comprising companies that are operators of at least one oil and gas field in the Asia Pacific region. This grouping does not include non-operating (i.e. do not manage the day-to-day operations of an oil or gas asset) entities with purely investor interests in oil and gas assets.

### **6.2.2.9 Risk**

Even-though many elements of high technology are deployed in the process of prospecting for oil and gas deposits, many wells that are finally drilled, are dry. These wells represent costly investments and the majority of them yield results which indicate that projects are not viable. Such macro statistics make technical risk management a major consideration in this business sector and the presence of a high level of technical experience is always an asset.

### **6.2.3 Oil and Gas Industry: Market Outlook**

The demand outlook of the global oil and gas industry depends on the scenario that is believed to be appropriate. According to projections in the World Energy Outlook 2010, population growth and economic drivers increase (in absolute terms) the consumption of oil between 2010 and 2035 in the Current Policies and New Policies Scenarios.

However, if radical policies are invoked and successfully implemented globally to reduce petroleum based fossil fuel utilization and the 450 Scenario crystallizes, then oil demand will likely fall over the 2010 – 2035 period (but in absolute terms still remain relatively high).

6. INDUSTRY OVERVIEW (Cont'd)

Figure 6 depicts the trends for each of the above-mentioned trends.

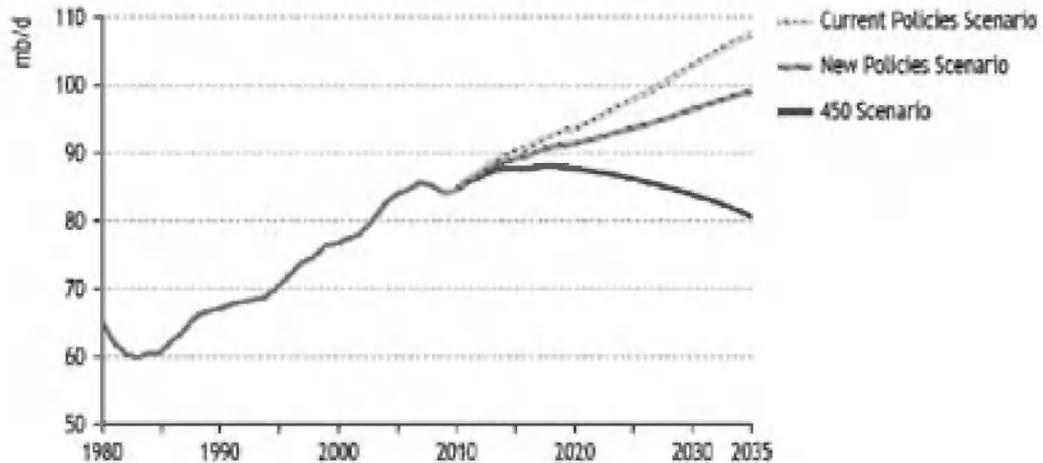


Figure 6: World Primary Oil Demand (By Scenario)

Against this demand driven backdrop, it is becoming increasingly apparent that:

- New production from super giant and giant oil fields is insignificant and the average size of oil and gas fields is falling; i.e. the current sizes of new discoveries are not as large as previous finds but nevertheless, an improved oil price regime and in some cases, better fiscal terms for smaller fields, allow for these fields of reduced (in-place) volumes to be commercially exploited. See Figures 7 and 8 below for current trends in the size of discoveries.

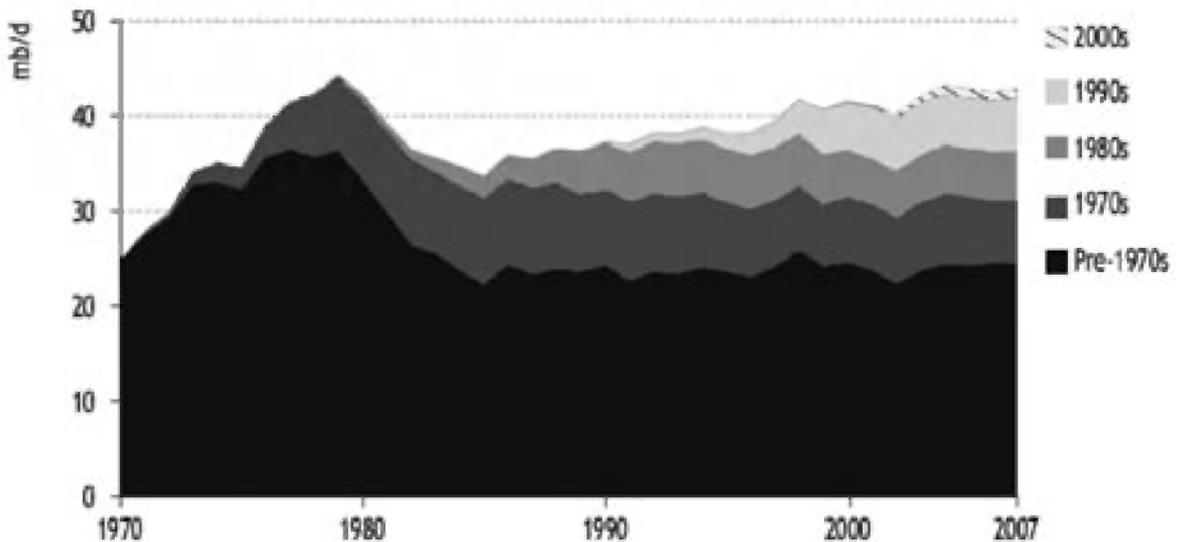


Figure 7: World crude oil production from super-giant (>5 billion barrels of ultimately recoverable oil) and giant (>500 million barrels of ultimately recoverable oil) fields

6. INDUSTRY OVERVIEW (Cont'd)

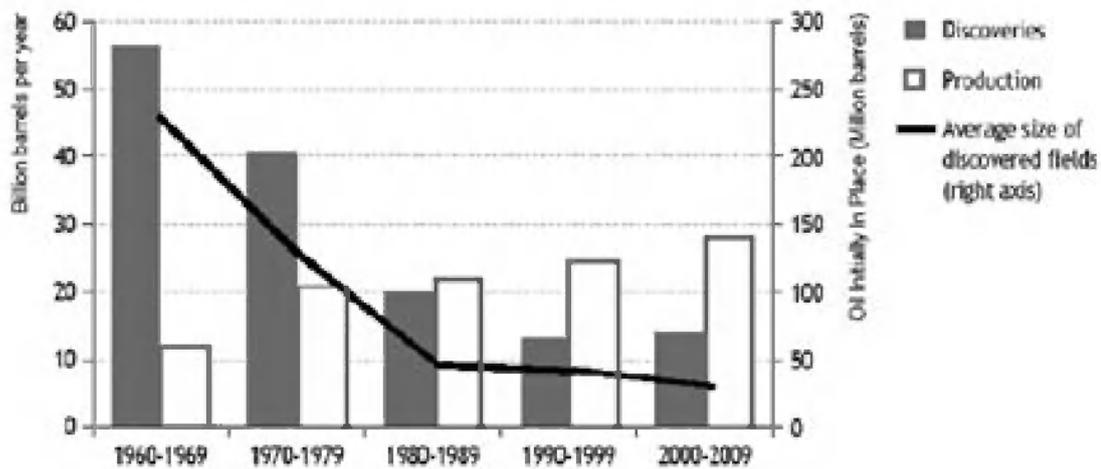


Figure 8: Conventional oil (crude and natural gas liquids) discoveries and production worldwide

- Producers of oil and gas have to explore and produce from deeper water depths to meet demand. The maximum water depth of offshore wells being drilled is increasing (see Figure 9 below).

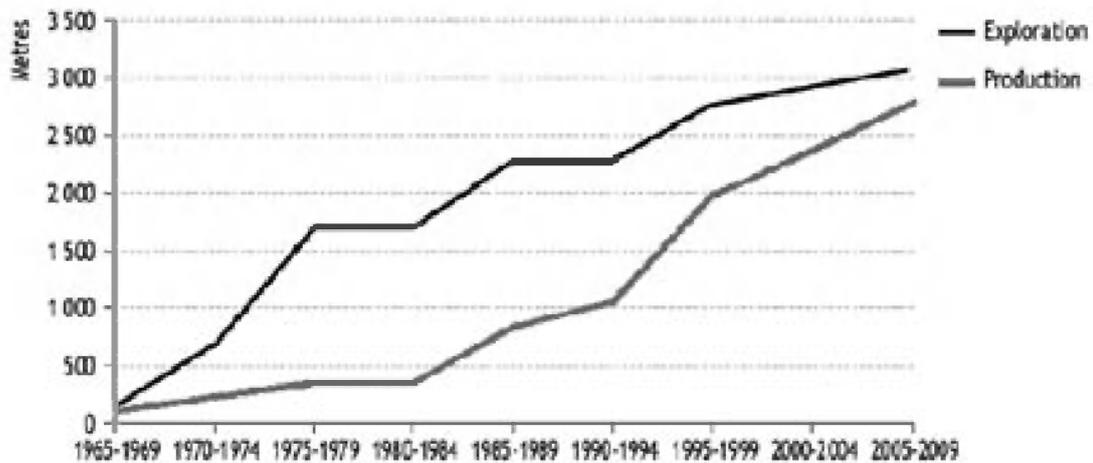
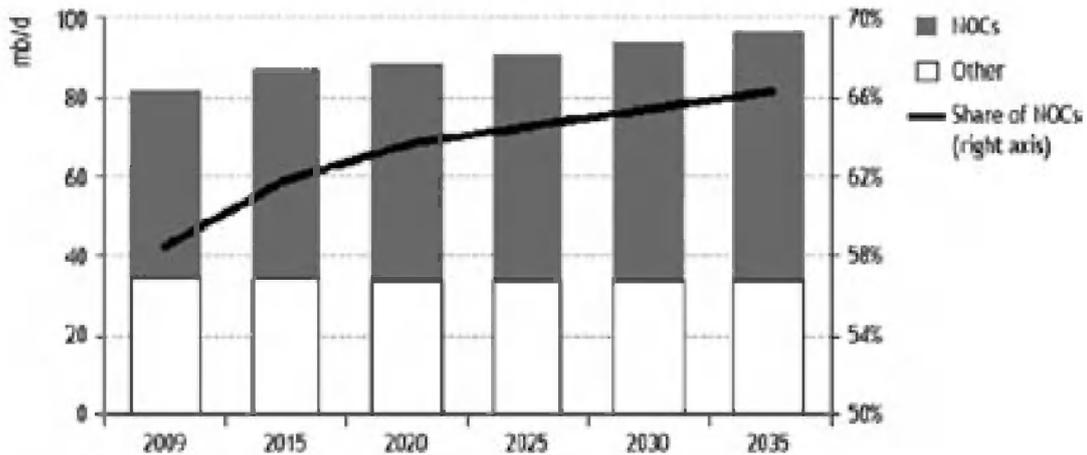


Figure 9: Maximum operational depth of offshore exploration and production wells worldwide

- Unconventional geological plays (e.g. tar sands, shale gas and basement) are becoming more prevalent and gaining in importance.
- Secondary and tertiary recovery programs, underpinned by various forms of technology are also being prioritized.
- Independent oil companies will continue to play a significant role in the oil and gas value chain (see Figure 10 below).

6. INDUSTRY OVERVIEW (Cont'd)



Note: NOCs are national oil companies.

Figure 10: World oil production by type of company in the New Policies Scenario

This situation of a demand-led business sector, underpinned by a forecast of strong oil prices going forward (see Figure 11 below) coupled with an overall increase in the number of opportunities globally (originating from the factors that are stated above) results in a fertile environment in which to establish or grow an oil and gas E&P business.

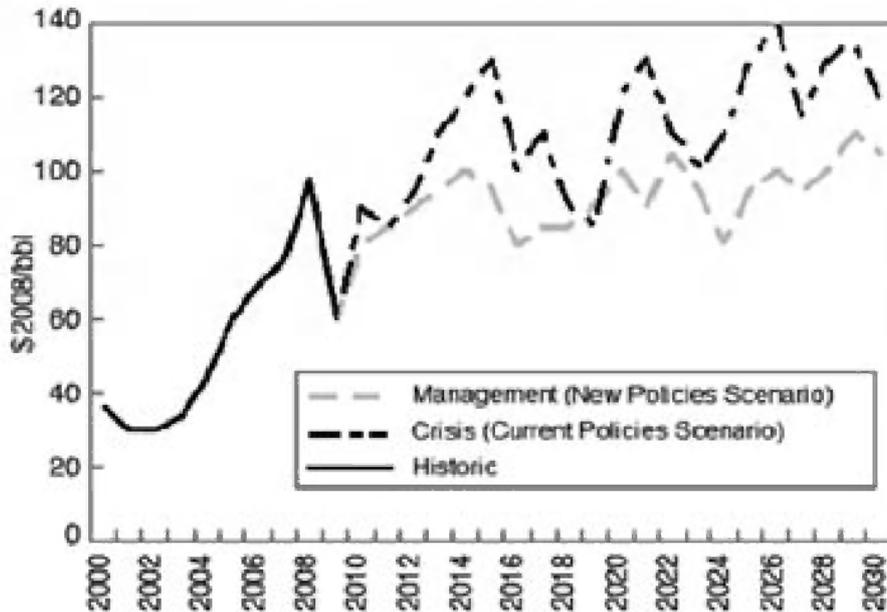


Figure 11: Possible scenarios for oil price trends

## 6. INDUSTRY OVERVIEW (Cont'd)

In the near term, it is clear that the contraction in activity levels seen in 2009 is now regarded as a temporary phenomenon and all indicators show that activity levels in the E&P industry are reverting to pre-Global Financial Crisis levels (see Figure 12 below). The more recent reports from the Innovation Energy Environment demonstrate that the activity levels of drilling rigs used to confirm the presence of sub-surface deposits of hydrocarbons have bounced back from a 2009 dip. It should be noted that drilling rig utilization is a lagging indicator of activity levels in the oil and gas domain as the drilling of a well is normally preceded by a great deal of seismic data acquisition and interpretation work.

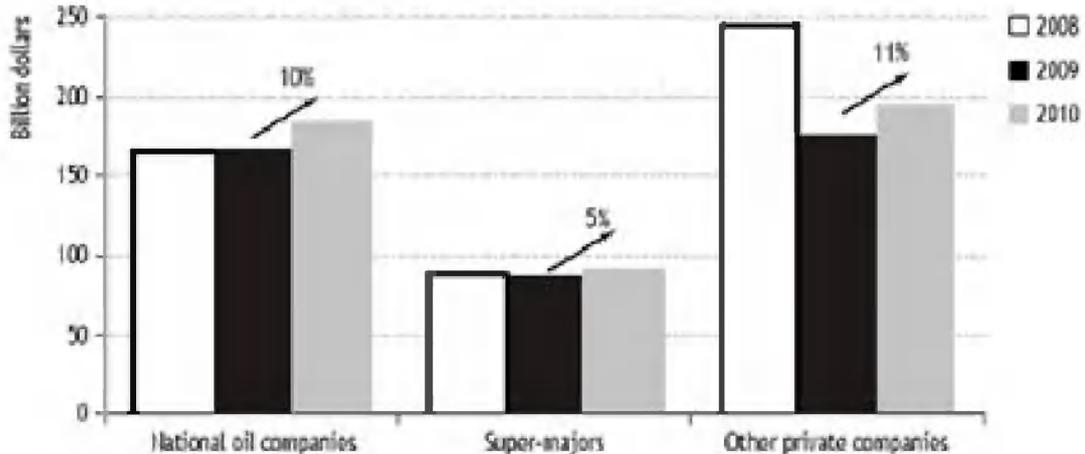


Figure 12: Worldwide upstream oil and gas capital spending by type of company

The current estimates (by the Innovation Energy Environment) of investments in wells being drilled both onshore and offshore globally are shown in Figures 13 and 14 below.

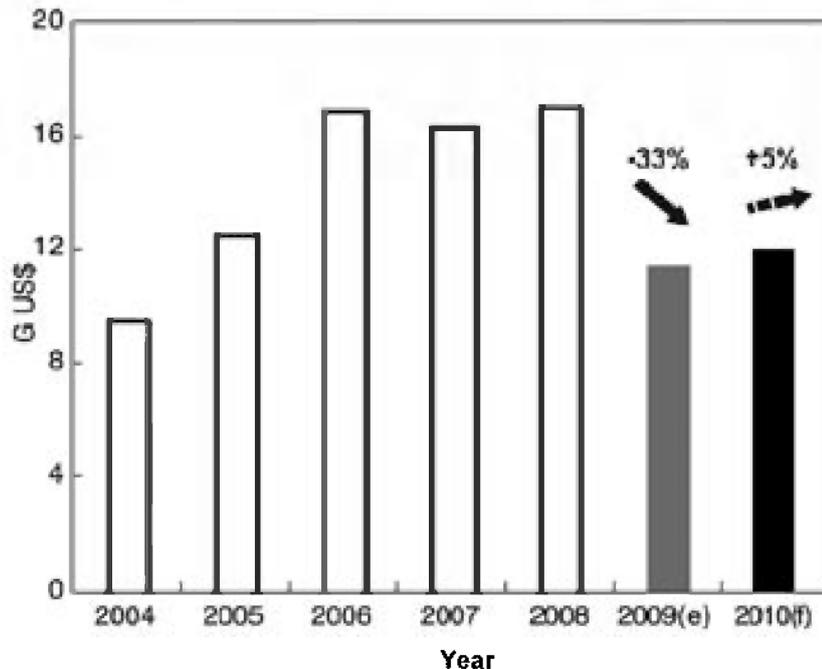


Figure 13: Investment in onshore wells drilled (and estimated to be drilled) globally

## 6. INDUSTRY OVERVIEW (Cont'd)

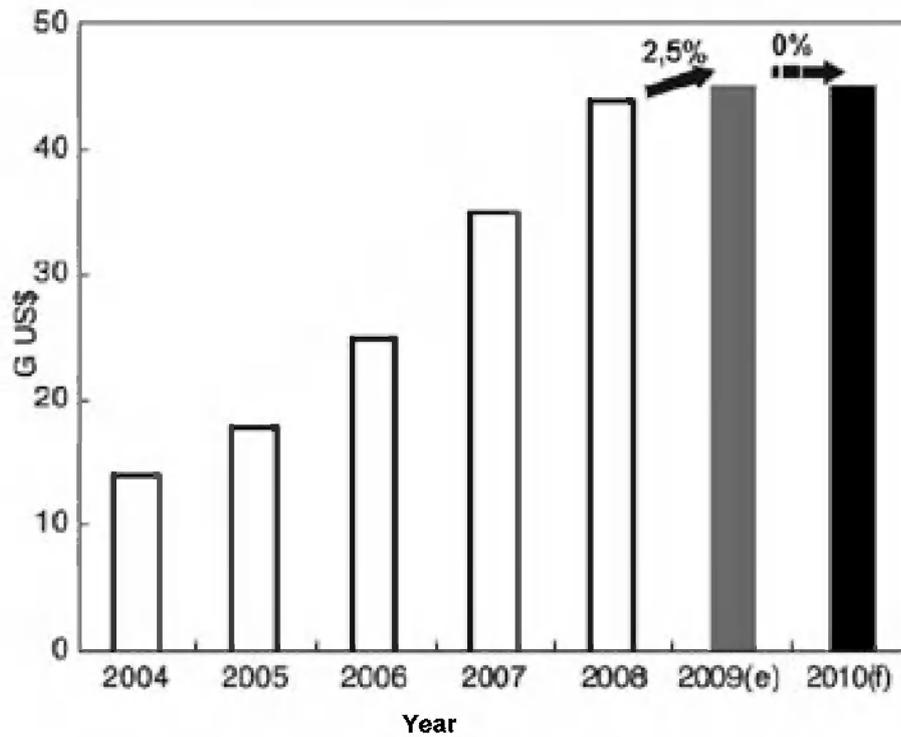


Figure 14: Investment in offshore wells drilled (and estimated to be drilled) globally

Sources for Section 6.2 of this Prospectus are as follows:

- *Innovation Energy Environment; Panorama 2010; The Oil Context and Trends in 2009*
- *Innovation Energy Environment; Panorama 2010; Activities and Markets in Exploration-Production*
- *World Energy Outlook © OECD IEA, 2010, International Energy Agency*
- *World Energy Outlook © OECD IEA, 2008, International Energy Agency*
- *Management Team*

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

### 7.1 DIRECTORS

#### 7.1.1 Directors and their interests in Shares and Warrants-B

##### 7.1.1.1 Shares

Our Directors and their shareholdings in our Company before and after the IPO and assuming full exercise of the Warrants are as follows:

##### Minimum Subscription

| Name  | Designation  | Before the IPO          |   |                         |                      | After the IPO           |   |                         |                      | Assuming full exercise of Warrants-B |   |                         |                      | Assuming full exercise of Warrants-A |   |                         |                      |
|---|--|-------------------------|---|-------------------------|----------------------|-------------------------|---|-------------------------|----------------------|--------------------------------------|---|-------------------------|----------------------|--------------------------------------|---|-------------------------|----------------------|
|   |  | <--- Direct --->        |   | <--- Indirect --->      |                      | <--- Direct --->        |   | <--- Indirect --->      |                      | <--- Direct --->                     |   | <--- Indirect --->      |                      | <--- Direct --->                     |   | <--- Indirect --->      |                      |
|   |  | No of<br>Shares<br>held | % | No of<br>Shares<br>held | %                    | No of<br>Shares<br>held | % | No of<br>Shares<br>held | %                    | No of<br>Shares<br>held              | % | No of<br>Shares<br>held | %                    | No of<br>Shares<br>held              | % | No of<br>Shares<br>held | %                    |
| Zainul<br>Rahim bin<br>Mohd Zain <sup>(2)</sup> | Non-<br>Independent<br>Non-<br>Executive<br>Chairman | -                       | - | -                       | -                    | -                       | - | -                       | -                    | -                                    | - | -                       | -                    | -                                    | - | -                       | -                    |
| Dr Kenneth<br>Gerard<br>Pereira                 | Managing<br>Director                                 | -                       | - | 55,570,200              | 71.43 <sup>(1)</sup> | -                       | - | 55,570,200              | 20.00 <sup>(1)</sup> | -                                    | - | 111,140,200             | 33.34 <sup>(1)</sup> | -                                    | - | 111,140,200             | 20.00 <sup>(1)</sup> |
| Dr Rabi<br>Narayan<br>Bastia <sup>(2)</sup>     | Non-<br>Independent<br>Non-<br>Executive<br>Director | -                       | - | -                       | -                    | -                       | - | -                       | -                    | -                                    | - | -                       | -                    | -                                    | - | -                       | -                    |
| Zainol Izzet<br>bin<br>Mohamed<br>Ishak         | Independent<br>Non-<br>Executive<br>Director         | -                       | - | -                       | -                    | -                       | - | -                       | -                    | -                                    | - | -                       | -                    | -                                    | - | -                       | -                    |
| Datin Sunita<br>Mei-Lin<br>Rajakumar            | Independent<br>Non-<br>Executive<br>Director         | -                       | - | -                       | -                    | -                       | - | -                       | -                    | -                                    | - | -                       | -                    | -                                    | - | -                       | -                    |

Notes:

(1) Deemed interested via his shareholdings in Hibiscus Upstream pursuant to Section 6A of the Act

(2) For information on their shareholdings in Hibiscus Upstream, please refer to Section 7.3.2 of this Prospectus

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Maximum Subscription

| Name  | Designation  | Before the IPO                          |   |   |                      | After the IPO <sup>(1)</sup>            |   |   |                      | Assuming full exercise of Warrants-B    |   |   |                      | Assuming full exercise of Warrants-A    |   |   |                      |
|---|--|---|---|---|----------------------|---|---|---|----------------------|---|---|---|----------------------|---|---|---|----------------------|
|   |  | <- Direct -><br>No of<br>Shares<br>held | % | <---- Indirect ----><br>No of<br>Shares<br>held | %                    | <- Direct -><br>No of<br>Shares<br>held | % | <---- Indirect ----><br>No of<br>Shares<br>held | %                    | <- Direct -><br>No of<br>Shares<br>held | % | <---- Indirect ----><br>No of<br>Shares<br>held | %                    | <- Direct -><br>No of<br>Shares<br>held | % | <---- Indirect ----><br>No of<br>Shares<br>held | %                    |
| Zainul<br>Rahim bin<br>Mohd Zain <sup>(3)</sup> | Non-<br>Independent<br>Non-<br>Executive<br>Chairman | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    |
| Dr Kenneth<br>Gerard<br>Pereira                 | Managing<br>Director                                 | -                                       | - | 55,570,200                                      | 71.43 <sup>(2)</sup> | -                                       | - | 105,550,200                                     | 20.00 <sup>(2)</sup> | -                                       | - | 211,100,200                                     | 33.33 <sup>(2)</sup> | -                                       | - | 211,100,200                                     | 20.00 <sup>(2)</sup> |
| Dr Rabi<br>Narayan<br>Bastia <sup>(3)</sup>     | Non-<br>Independent<br>Non-<br>Executive<br>Director | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    |
| Zainol Izzet<br>bin<br>Mohamed<br>Ishak         | Independent<br>Non-<br>Executive<br>Director         | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    |
| Datin Sunita<br>Mei-Lin<br>Rajakumar            | Independent<br>Non-<br>Executive<br>Director         | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    | -                                       | - | -   | -                    |

*Notes:*

(1) Including the Tranche 2 Conversion of RCPS

(2) Deemed interested via his shareholdings in Hibiscus Upstream pursuant to Section 6A of the Act

(3) For information on their shareholdings in Hibiscus Upstream, please refer to Section 7.3.2 of this Prospectus

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.1.1.2 Warrants-B

Our Directors and their Warrant-B holdings in our Company after the IPO are as follows:

#### Minimum Subscription

| Name                                      | After the IPO         |   |                        |                      |
|---|-----------------------|---|------------------------|----------------------|
|   | <----- Direct ----->  |   | <----- Indirect -----> |                      |
|   | No of Warrants-B held | % | No of Warrants-B held  | %                    |
| Zainul Rahim bin Mohd Zain <sup>(2)</sup> | -                     | - | -                      | -                    |
| Dr Kenneth Gerard Pereira                 | -                     | - | 55,570,000             | 20.00 <sup>(1)</sup> |
| Dr Rabi Narayan Bastia <sup>(2)</sup>     | -                     | - | -                      | -                    |
| Zainol Izzet bin Mohamed Ishak            | -                     | - | -                      | -                    |
| Datin Sunita Mei-Lin Rajakumar            | -                     | - | -                      | -                    |

Notes:

- (1) Deemed interested via his shareholdings in Hibiscus Upstream pursuant to Section 6A of the Act  
 (2) For information on their shareholdings in Hibiscus Upstream, please refer to Section 7.3.2 of this Prospectus

#### Maximum Subscription

| Name                                      | After the IPO <sup>(1)</sup> |   |                        |                      |
|---|------------------------------|---|------------------------|----------------------|
|   | <----- Direct ----->         |   | <----- Indirect -----> |                      |
|   | No of Warrants-B held        | % | No of Warrants-B held  | %                    |
| Zainul Rahim bin Mohd Zain <sup>(3)</sup> | -                            | - | -                      | -                    |
| Dr Kenneth Gerard Pereira                 | -                            | - | 105,550,000            | 20.00 <sup>(2)</sup> |
| Dr Rabi Narayan Bastia <sup>(3)</sup>     | -                            | - | -                      | -                    |
| Zainol Izzet bin Mohamed Ishak            | -                            | - | -                      | -                    |
| Datin Sunita Mei-Lin Rajakumar            | -                            | - | -                      | -                    |

Notes:

- (1) Including the Tranche 2 Conversion of RCPS  
 (2) Deemed interested via his shareholdings in Hibiscus Upstream pursuant to Section 6A of the Act  
 (3) For information on their shareholdings in Hibiscus Upstream, please refer to Section 7.3.2 of this Prospectus

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (*Cont'd*)

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### 7.1.2 Profiles

The profiles of our Directors are as follows:

**Zainul Rahim bin Mohd Zain**, a Malaysian aged 58, is our Chairman. He graduated with a Bachelor of Engineering, majoring in Mechanical Engineering, from the University of Western Australia in 1975.

In 1976, he started working for BMS Konsult, a local Mechanical and Electrical Engineering consultancy firm, as a Facilities Engineer responsible for the system design of hot and cold water piping, fire fighting and air-conditioning systems. He joined Sarawak Shell Berhad ("**SSB**")/ Sabah Shell Petroleum Company ("**SSPC**") in 1978, as a Wellsite Petroleum Engineer overseeing drilling operations on the rigs. In 1980, he joined the Drilling Engineering Unit in SSB/SSPC as a Materials/Equipment Liaison Engineer, and in 1981, he was assigned as a Petrophysical Engineer in the Sabah area. In 1983, he assumed the position of Production Technologist for the Temana and Patricia oilfields in the Balingian province, offshore Sarawak. He was cross-posted in 1986, on a broadening assignment, to Nederlandse Aardolie Maatschappij B.V. ("**NAM**"), in Assen, Holland. He was initially assigned as a member of the Schoonebeek Production Technology team to review well performance and general remedial well proposals to maximise production. A year later in 1987, he was transferred to the West Netherlands oil team, for the same task, on the IJsselmonde/Ridderkerk, Rotterdam and Werkendam oil and gas fields.

Upon his return to SSB/SSPC from the 3-year cross-posting to NAM, he was promoted to Section Head of the Sabah Business Unit ("**BU**") Production Technology group. He led a team of Production Technologists who worked closely with Reservoir Engineers and Production Programmers to maximise oil production from the Sabah acreage. In 1990, he was promoted and tasked to re-establish the Exploration and Production Adviser position in Kuala Lumpur, which had been vacant for 2 years. In 1992, Zainul Rahim was cross-posted again to Holland, this time to the Information Management and Technology unit ("**IM&T**") in Shell Internationale Petroleum Maatschappij ("**SIPM**"), The Hague. After 2 years as Information Planner, he was re-assigned as the Project Coordinator for the Operations, Engineering and HSE Computing Portfolios for SIPM. His main responsibilities were to ensure that the IT projects developed for the Exploration and Production Shell Group were well managed, properly resourced, and delivered on time and within budget.

Upon his return from the 4-year assignment in SIPM, Holland, he was appointed as Team Leader of one of the Organisational Review teams in SSB/SSPC. He led a team that reviewed and proposed new frameworks, processes and governance for 3 key areas of the business, namely Petronas Relationship Management, Integrated Gas Business Management and Joint Venture Management. In September 1996, he was promoted to Senior Manager of IM&T of the Shell Malaysia-Exploration & Production ("**SM-EP**"). In 1997, he was promoted again to General Manager of the Business Services ("**EPB**") unit of SM-EP. The EPB unit was responsible for the provision of business support for Capabilities and Skills Management, Human Resources, Procurement, Health, Safety and Environment, Finance Services, Infrastructure Management, Medical/Occupational Health, and Internal Audit. Subsequently, he became the General Manager of the Technical Services Unit in 1999, which was responsible for the provision of technical services primarily to internal customers in SM-EP. In 2000, he was promoted to General Manager of the Sarawak Business Unit, the largest and most profitable BU of SM-EP, which was in charge of the delivery of gas to the industrial complex in Bintulu, with Malaysia LNG Sdn. Bhd. ("**MLNG**") and MLNG Dua being the biggest customers.