

## **DIVIDEND POLICY**

Our Board views Hibiscus Petroleum Berhad as a growing exploration and production, oil and gas Company. Hence, we believe that investing in our Company's shares provides shareholders potential value for long term capital appreciation.

Whilst the retention of adequate reserves is important for the future growth of the Company, our Board believes that it is also important to reward shareholders for their support, through dividend payments, in the event of continuous strong performance (i.e. sustainable profit generation) by the Company. In this regard, the Board seeks to achieve an optimum balance between efficient capital management and appropriate shareholder participation in the profits of the Company through dividends.

As our Company is primarily an investment holding company, our income and therefore our ability to pay dividends, is generally dependent upon the dividends or other distributions which we receive from our subsidiaries (if any).

In turn, the payment of dividends or distributions by our subsidiaries will depend upon their operating results, financial condition, capital expenditure plans and other relevant factors that their respective boards of directors deem relevant. Furthermore, the capability of our subsidiaries to declare and pay dividends is also governed by the terms contained in the various agreements governing such subsidiaries and any financing agreements entered into by them. For example, existing covenants in loan facility agreements would limit a subsidiary's ability to declare or pay cash dividends, or only enable dividends to be declared provided that certain financial covenants are complied with and there are no events of default and/or material and adverse effects to the business of the subsidiaries from any dividend declaration and/or payment.

In considering the level of interim or final dividend payment to be recommended (if any), the Company's Board will take into account various considerations, including but not limited to the following :

- (i) The level of our cash, gearing, debt profile and retained earnings;
- (ii) Our expected financial performance;
- (iii) Our projected levels of capital expenditure and other investment plans;
- (iv) Applicable legal, regulatory, licensing and operating requirements; and
- (v) Any circumstances which may affect or restrict our ability to pay dividends.

Taking the above into account, the Company targets to issue a minimum dividend guidance based on an oil price range for a particular financial year at the beginning of the year in question.

The actual dividend that our Board may recommend or declare in respect of any financial year or period will be subject to the above factors (amongst others). The declaration of any interim dividends and the recommendation of any final dividends are at the discretion of our Board, with any final dividend for the year also being subject to our shareholders' approval.

**Hibiscus Petroleum Berhad**  
**Registration No. 200701040290 (798322-P)**  
**Dividend Policy**

*It should be noted that this Dividend Policy merely describes our Company's present intention and shall not constitute legally binding statements or commitments in respect of our Company's future dividends and/or plans for the same. The Board reserves the right to review, amend, update and/or cancel the Company's Dividend Policy at any time at its sole discretion.*

*This Dividend Policy is not a forecast or indication in any way of the Company's actual profitability or its ability to pay dividends in the future.*