

**DISPOSAL OF THE ENTIRE SHAREHOLDING IN THE ISSUE AND FULLY PAID UP SHARE CAPITAL OF SEGAMA VENTURES SDN BHD ("SGV") BY SEGAMA RESOURCES SDN BHD ("SGR"), BEING A WHOLLY OWNED SUBSIDIARY COMPANY OF BORNEO OIL & GAS CORPORATION SDN BHD ("BOG") WHICH IS A WHOLLY OWNED SUBSIDIARY OF BORNEO OIL BERHAD ("THE COMPANY")**

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**1. INTRODUCTION**

The Board of Directors of the Company is pleased to announce that SGR has entered into a Shares Sale Agreement dated 15th March 2018 ("the said Disposal or Agreement") with Makin Teguh Sdn Bhd to dispose off its wholly owned subsidiary, SGV.

This announcement is made pursuant to Chapter 9 – Para 19(24) of Bursa Malaysia Securities Berhad's Listing Requirements. Additional information under Chapter 10 is however included herein for reasons as explained in 2 (X) below.

**2. INFORMATION ON THE SAID DISPOSAL**

**(I) Information on SGV**

- (a) SGV is a dormant investment holding company with an issued and fully paid up share capital of RM80,000 and a net tangible asset of RM43,946 based on its latest unaudited accounts as at 31st January 2018.
- (b) SGV's only material asset is a parcel of land held under Country Lease No. 115474569 measuring 32.65 acres situated at Mile 8, Jalan Silam, district of Lahad Datu, Sabah ("the said Land") with a net book value of RM12,773,480 and a total net liability of RM12,727,571 ("the said Liability") being inter-company balances as at the same date .

**(II) Basis of Determining the Sales Consideration**

Total sale consideration for the said Disposal was based on a willing buyer and willing seller basis taking into consideration the followings:-

- (a) SGV, a dormant company with net tangible asset of RM43,946 as at 31st January 2018.

- (b) The market valuation of the said Land based on professional valuer, CH Williams Talhar & Wong's valuation report dated 29th December 2017 of RM10,940,000.

**(III) Rationales for the said Disposal**

- (a) The said Disposal is in line with of SGV's investment activities.
- (b) The said Liability will be fully recovered and the proceeds of the said Disposal provide the Group with additional cash in-flow to finance its overall activities.
- (c) The said Disposal will save future administrative and related expenses in maintaining SGV's continuing existence in the Group.

**(IV) Effects of the said Disposal**

It has no material effect on the Company's share capital, substantial shareholders' shareholdings, gearing, net assets and earnings based on its audited accounts as at 31st January 2017.

**(V) Approvals Required**

The said Disposal does not require the approval of the Company's shareholders or any other governmental authorities.

**(VI) Director's and Major Shareholder's Interest**

None of the directors or major shareholders of the Company or persons connected to them have any interest, direct or indirect in the said Disposal.

**(VII) The Salient Terms of the said Disposal**

- (a) The sales consideration shall be paid in cash upon execution of the said Agreement.
- (b) The said Liability shall be fully repaid within thirty (30) days from the date thereof.

**(VIII) Statement by the Directors**

The Board of Directors of Borneo Oil Berhad is of the opinion that the said Disposal is in the best interest of the Group.

**(IX) Estimated Time Frame for the Completion**

Thirty (30) working days from the date of the said Agreement.

**(X) Highest Applicable Percentage Ratio**

- (a) The highest applicable percentage ratio for the said Land represent 2.16% in relation to the total net assets of the Group RM591,777,584 based on Company's audited accounts as at 31st January 2017 is less than the minimum stipulated 5% ratio which necessitate an announcement to be made.
- (b) Additional disclosure under Chapter 10 is however included herein as it is relevant to the said Disposal.

**3. DOCUMENTS FOR INSPECTION**

The following documents are available for inspection at the Company's registered office at Level 1, Victoria Point, Jalan OKK Awang Besar, 87007 W.P. Labuan during office hours from 8.30 a.m. – 5.00 p.m. (Monday to Friday).

- (a) Shares Sale Agreement
- (b) Valuation Report by professional valuer, CH Williams Talhar & Wong
- (c) Unaudited accounts of SGV as at 31st January 2018; and
- (d) Annual Report of Borneo Oil Berhad for year ended 31st January 2017

This Announcement is dated 16th March 2018.