

## BORNEO OIL BERHAD ("BORNOIL" OR THE "COMPANY")

- I. PROPOSED TERMINATION OF EXISTING EMPLOYEES' SHARE OPTION SCHEME OF BORNOIL ("ESOS") ("PROPOSED TERMINATION OF EXISTING ESOS"); AND
- II. PROPOSED ESTABLISHMENT OF A NEW ESOS OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN BORNOIL (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME OVER THE DURATION OF THE ESOS ("PROPOSED NEW ESOS")

(COLLECTIVELY, THE "PROPOSALS")

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*(Unless otherwise stated and wherever applicable, the amount represented throughout this announcement has been rounded to the nearest whole number/ cent, for ease of reference.)*

### 1. INTRODUCTION

On behalf of the Board of Directors of Borneoil ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOB Kay Hian**") wishes to announce that the Company proposes to undertake the following:-

- (i) termination of the existing ESOS ("**Existing ESOS**"); and
- (ii) an establishment of a new ESOS of up to 15% of the total number of issued shares in Borneoil (excluding treasury shares) at any point in time over the duration of the ESOS for eligible persons ("**New ESOS**").

Further details of the Proposals are set out in the ensuing sections.

### 2. DETAILS OF THE PROPOSALS

#### 2.1 PROPOSED TERMINATION OF EXISTING ESOS

On 1 August 2017, the Company implemented the Existing ESOS entailing the issuance of up to 15% of the total number of issued shares (excluding treasury shares) of Borneoil ("**Existing ESOS Effective Date**"). The Existing ESOS is effective for a period of 5 years and shall expire on 31 July 2022 ("**Existing Expiry Date**") in accordance with the by-laws governing the Existing ESOS ("**Existing ESOS By-Law(s)**").

Since the Existing ESOS Effective Date up to 5 March 2020, being the latest practicable date prior to this announcement ("**LPD**"), the Company granted a total of 747,966,000 ESOS Options ("**Existing ESOS Option(s)**"), representing approximately 14.59% of the total number of 5,127,757,754 ordinary shares in Borneoil ("**Borneoil Share(s)**" or "**Share(s)**") (excluding 212,626,000 treasury shares) in issue as at the LPD. As at the LPD, all 747,966,000 Existing ESOS Options were exercised at the exercise price of RM0.09 per Existing ESOS Option. The Company does not intend to grant any further Existing ESOS Options until the termination of the Existing ESOS.

Pursuant thereto, the Board proposes to terminate the Existing ESOS and to replace it with the Proposed New ESOS.

According to the Existing ESOS By-Law 25.2, the Company may at any time during the duration of the Existing ESOS, terminate the Existing ESOS and shall immediately announce to Bursa Malaysia Securities Berhad ("**Bursa Securities**"):-

- (i) the effective date of termination of the Existing ESOS;
- (ii) the number of options exercised or Borneoil Shares vested; and
- (iii) the reasons for termination of the Existing ESOS.

The effective date of the termination of the Existing ESOS will be determined and announced at a later date by the Board after obtaining all the relevant approvals for the Proposed New ESOS.

## 2.2 PROPOSED NEW ESOS

The Proposed New ESOS will be established after the Proposed Termination of Existing ESOS takes effect. The Proposed New ESOS involves the granting of new options to subscribe for Bornoil Shares to the eligible Directors and employees of Bornoil and the subsidiary companies of Bornoil which are not dormant and who meet the criteria of eligibility for participation in the Proposed New ESOS as set out in the new by-laws ("**New ESOS By-Law(s)**") ("**Eligible Person(s)**") to subscribe for new Bornoil Shares at specified price to be determined in the manner set out in **Section 2.2.5** of this announcement ("**New ESOS Option(s)**").

The Proposed New ESOS will be administered by a committee to be duly appointed and authorised by the Board ("**ESOS Committee**"). The ESOS will have the absolute discretion in administering the Proposed New ESOS as it may deem fit, in accordance with the provisions set out in the New ESOS By-Laws. The decision as to whether or not to stagger the allocation of the New ESOS Options over the duration of the Proposed New ESOS shall be determined by the ESOS Committee at a later date.

The salient features of the Proposed New ESOS are set out below:-

### 2.2.1 Maximum number of Bornoil Shares available under the Proposed New ESOS

The maximum number of new Bornoil Shares, which may be allotted pursuant to the Proposed New ESOS shall not exceed in aggregate 15% of the total number of issued shares of the Company (excluding treasury shares) at any point in time over the duration of the Proposed New ESOS.

### 2.2.2 Basis of allotment and maximum allowable allotment

The maximum number of new Bornoil Shares that may be offered to an Eligible Person under the Proposed New ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person and shall be subject to the following:-

- (i) The Directors and senior management do not participate in the deliberation or discussion of their respective allocations;
- (ii) The allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the total number of issued shares (excluding treasury shares) of Bornoil, must not exceed 10% of the total number of new Bornoil Shares to be issued under the Proposed New ESOS; and
- (iii) not more than 50% of the total number of new Bornoil Shares to be issued under the Proposed New ESOS shall be allocated, in aggregate, to the Directors and senior management of Bornoil and its subsidiary companies ("**Bornoil Group**" or the "**Group**"), which are not dormant, on the basis that they are crucial to the performance of Bornoil Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") or any other relevant authorities as amended from time to time.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the New ESOS Options or persons connected with them.

### **2.2.3 Eligibility**

Subject to the discretion of the ESOS Committee, only Eligible Persons who meet the following conditions as at the date on which an offer is made by the ESOS Committee in writing ("**Date of Offer**") shall be eligible to participate in the Proposed New ESOS:-

- (i) the Director or employee shall have attained the age of 18 years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) they must fulfill such other eligibility criteria as may be determined by the ESOS Committee from time to time;
- (iii) the Director or employee must have been employed by Bornoil and/ or a subsidiary within the Group, which is not dormant, and his/ her employment as an Eligible Person must have been confirmed on the Date of Offer, irrespective whether he/ she was transferred to a subsidiary within the Bornoil Group, in which case he/ she must have been a confirmed employee in that subsidiary;
- (iv) if the Director or employee is employed by a company which is acquired, and becomes a subsidiary of Bornoil upon such acquisition during the duration of the ESOS, the Director or employee must have been a confirmed employee in that subsidiary following the date that such company becomes or is deemed to be a subsidiary of the Bornoil Group; and
- (v) the Director or employee is an employee of a subsidiary, which is not dormant.

The Directors are eligible to participate in the ESOS, such entitlement under the ESOS must have been approved by the shareholders of the Company in a general meeting.

The ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out above. The eligibility and number of New ESOS Options to be offered to an Eligible Person under the Proposed New ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

### **2.2.4 Duration**

The Proposed New ESOS, when implemented, shall be in force for a period of 5 years from the effective date of implementation of the Proposed New ESOS ("**New ESOS Effective Date**").

On or before the expiry of the above initial 5-year period, the Proposed New ESOS may be extended by the Board at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to 5 years, but will not in aggregate exceed 10 years from the New ESOS Effective Date or such longer period as may be allowed by the relevant authorities.

### **2.2.5 Basis of determining the subscription price**

Subject to any adjustments made under the New ESOS By-Laws and pursuant to the Listing Requirements, the subscription price shall be based on the 5-day volume weighted average market price ("VWAP") of Bornoil Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by any prevailing guideline issued by Bursa Securities and/ or any other relevant authorities as amended from time to time, as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive.

### **2.2.6 Ranking of the New ESOS Options and new Bornoil Shares to be issued arising from the exercise of the New ESOS Options**

The new Bornoil Shares to be allotted and issued upon the exercise of the New ESOS Options will, upon allotment, issuance and full payment, rank equally in all respects with the existing Bornoil Shares, save and except that the new Bornoil Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Bornoil Shares. The new Bornoil Shares will be subject to all provision in the Constitution of the Company and Listing Requirements, if any.

### **2.2.7 Holding of Bornoil Shares**

Pursuant to Paragraph 8.20 of the Listing Requirements, an eligible Director who is a non-executive Director of Bornoil and/ or any of its subsidiaries, which are not dormant, shall not sell, transfer or assign the Bornoil Shares obtained through the exercise of the New ESOS Options offered to him/ her within 1 year from the Date of Offer.

Save for the non-executive Directors, the new Bornoil Shares allotted and issued to the grantees pursuant to the exercise of the New ESOS Options will not be subject to any holding period or restriction on transfer, disposal and/ or assignment.

### **2.2.8 Listing and quotation for the new Bornoil Shares to be issued arising from the exercise of the New ESOS Options**

An application will be made to Bursa Securities for the listing and quotation for the new Bornoil Shares to be issued pursuant to the exercise of the New ESOS Options on the Main Market of Bursa Securities.

### **2.2.9 Utilisation of proceeds**

The actual amount of proceeds to be raised from the Proposed New ESOS will depend on the number of New ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the New ESOS Options.

The proceeds arising from the exercise of the New ESOS Options will be utilised for the working capital requirements of Bornoil Group, as and when received, within the tenure of the ESOS. As such, the exact timeframe for utilisation of the proceeds is not determinable at this juncture.

The proceeds for working capital will be utilised to finance the Group's day-to-day operations, amongst others, repayment to trade creditors as well as general expenses such as staff costs, rental of offices and utilities. The estimated expenses in relation to the Proposals are approximately RM157,000.

### 3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

#### 3.1 Proposed Termination of Existing ESOS

As mentioned in **Section 2.1** of this announcement, the Company had exercised all 747,966,000 Existing ESOS Options, representing approximately 14.59% of the total number of 5,127,757,754 Bornoil Shares (excluding 212,626,000 treasury shares) in issue, at the exercise price of RM0.09 per Existing ESOS Option as at the LPD.

In accordance with Existing ESOS By-Laws, subject to compliance with the requirements of the relevant authorities, the Company may establish a new share option scheme after the expiry of the Existing ESOS or if the Existing ESOS has been terminated during its duration.

As such, Bornoil proposes to terminate the Existing ESOS in conjunction with undertaking the Proposed New ESOS.

#### 3.2 Proposed New ESOS

The Proposed New ESOS will replace the Existing ESOS and enable Bornoil to grant New ESOS Options to Eligible Persons.

The Proposed New ESOS is expected to achieve the following objectives:-

- (i) to recognise and reward the Eligible Persons by giving recognition to their contributions and services that are considered vital to the operations, hence motivating the employees to perform in order to create a sustainable growth and profitability of the Bornoil Group;
- (ii) to retain, motivate and reward the Eligible Persons by allowing them to participate in the Bornoil Group's profitability and eventually realise the value of the Bornoil Shares upon disposal;
- (iii) to align the interest of the employees with that of the shareholders' of Bornoil through the achievement of the Group's objectives and plans;
- (iv) to attract prospective employees with relevant skills and experience to the Bornoil Group by making the total compensation package more competitive; and
- (v) to foster and reinforce the Eligible Persons' sense of loyalty and belonging to the Bornoil Group by enabling them to participate directly in the equity of Bornoil, and thereby provide incentive for the Eligible Persons to participate more actively in the operations and future growth of the Bornoil Group, and to motivate them to further contribute to the growth and success of the Bornoil Group.

### 4. EFFECTS OF THE PROPOSALS

The Proposed Termination of Existing ESOS will not have any effect on the issued share capital of Bornoil, net asset ("**NA**") and gearing level of the Group, substantial shareholders' shareholdings of Bornoil, earnings and earnings per share ("**EPS**") and convertible securities of Bornoil.

As at the LPD, the total issued share capital of Bornoil was RM536,349,192 comprising 5,340,383,754 Bornoil Shares (including 212,626,000 treasury shares). In addition, as at the LPD, Bornoil has the following convertible securities:-

- (i) 1,734,679,850 outstanding warrants 2015/ 2025 in the Company ("**Warrant(s) C**"). The Warrants C are constituted by the deed poll dated 28 September 2015 (read together with the supplemental deed poll dated 30 May 2017) and each Warrant C carries the entitlement to subscribe for 1 new Bornoil Share during the 10-year exercise period up to 8 November 2025 at the exercise price of RM0.07 per Warrant C; and

- (ii) 378,683,984 outstanding warrants 2017/ 2027 in the Company ("**Warrant(s) D**"). The Warrants D are constituted by the deed poll dated 12 May 2017 and each Warrant D carries the entitlement to subscribe for 1 new Bornoil Share during the 10-year exercise period up to 29 May 2027 at the exercise price of RM0.07 per Warrant D,

collectively, the "**Convertible Securities**".

For illustrative purposes, throughout this announcement, the effects of the Proposed New ESOS shall be illustrated based on the following 2 scenarios:-

**Minimum Scenario** : Assuming all the 212,626,000 treasury shares are retained and none of the Convertible Securities are exercised prior to the implementation of the Proposed New ESOS

**Maximum Scenario** : Assuming all the 212,626,000 treasury shares are resold and all the Convertible Securities are fully exercised prior to the implementation of the Proposed New ESOS

#### 4.1 Issued share capital

The pro forma effects of the Proposed New ESOS on the issued share capital of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	5,340,383,754	536,349,192	5,340,383,754	536,349,192
Less: Treasury shares	(212,626,000)	(16,015,397)	-	-
	5,127,757,754	520,333,795	5,340,383,754	536,349,192
Assuming full exercise of Warrants C	-	-	1,734,679,850	121,427,590 <sup>1</sup>
Assuming full exercise of Warrants D	-	-	378,683,984	26,507,879 <sup>2</sup>
	5,127,757,754	520,333,795	7,453,747,588	684,284,661
Assuming full exercise of the New ESOS Options	769,163,663 <sup>3</sup>	26,151,565 <sup>4</sup>	1,118,062,138 <sup>3</sup>	38,014,112 <sup>4</sup>
<b>Enlarged issued share capital</b>	<b>5,896,921,417</b>	<b>546,485,360</b>	<b>8,571,809,726</b>	<b>722,298,773</b>

**Notes:-**

<sup>1</sup> Computed based on the exercise price of RM0.07 per Warrant C

<sup>2</sup> Computed based on the exercise price of RM0.07 per Warrant D

<sup>3</sup> Assuming the maximum grant and full exercise of the New ESOS Options of up to 15% of the number of issued Shares pursuant to the Proposed New ESOS

<sup>4</sup> Assuming the New ESOS Option is exercised into a new Bornoil Share at the subscription price of RM0.034, being approximately 8.11% discount to the 5-day VWAP of Bornoil Shares up to and including the LPD of RM0.037 per Bornoil Share

#### **4.2 NA per Share and gearing level**

The effects of the Proposed New ESOS on the Group's NA would depend on factors such as the number of New ESOS Options granted and the fair value of the New ESOS Options after taking into account, inter alia, the subscription price of the New ESOS Options as well as any vesting conditions. Whilst the granting of the New ESOS Options under the Proposed New ESOS is expected to result in recognition of a charge in the statement of comprehensive income of the Group pursuant to the Malaysian Financial Reporting Standard 2 – Share-based Payment ("**MFRS 2**") as issued by the Malaysian Accounting Standards Board, the recognition of such MFRS 2 charge would not affect the NA of the Group as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

If none of the granted New ESOS Options are exercised within the duration of the Proposed New ESOS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the granted New ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share capital account of the Company.

The Proposed New ESOS will not have any immediate effect on the consolidated NA per Share until such time when the New ESOS Options granted under the Proposed New ESOS are exercised. The consolidated NA per Share following the exercise of the New ESOS Options will increase if the subscription price of the New ESOS Options exceeds the consolidated NA per Share at the point of exercise of the New ESOS Options and conversely will decrease if the subscription price of the New ESOS Options is below the consolidated NA per Share at the point of the exercise of the New ESOS Options.

The Proposed New ESOS is not expected to have an immediate effect on the Group's gearing level until such time when the New ESOS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Shares to be issued as well as the subscription price of the New ESOS Options payable upon the exercise of the New ESOS Options.

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### 4.3 Substantial shareholding structure

The Proposed New ESOS is not expected to have any immediate effect on the shareholdings of the Company's substantial shareholders until such time when the New ESOS Options are exercised into the new Bornoil Shares. Any potential effect on the shareholdings of the substantial shareholders would depend on the number of new Bornoil Shares to be issued pursuant to the exercise of the New ESOS Options at the relevant point in time.

The pro forma effects of the Proposed New ESOS on the substantial shareholders' shareholdings of the Company are set out below:-

#### **Minimum Scenario**

Substantial shareholders	Shareholdings as at the LPD				I After the Proposed New ESOS and assuming full exercise of the New ESOS Options			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*2</sup>	No. of Shares	% <sup>*2</sup>
Affin Hwang Nominees (Asing) Sdn Bhd (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,289,408,250	25.15	-	-	1,289,408,250	21.87	-	-
RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	5.32	-	-	273,000,000	4.63	-	-

#### **Notes:-**

<sup>\*1</sup> Based on the issued Shares of 5,127,757,754 in Bornoil

<sup>\*2</sup> Based on the enlarged issued Shares of 5,896,921,417 in Bornoil



**Maximum Scenario**

Substantial shareholders	Shareholdings as at the LPD				I Assuming all the treasury shares are retained and all the outstanding Convertible Securities <sup>*2</sup> are exercised			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*3</sup>	No. of Shares	% <sup>*3</sup>
Affin Hwang Nominees (Asing) Sdn Bhd (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,289,408,250	25.15	-	-	1,289,408,250	17.30	-	-
RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	5.32	-	-	412,750,000	5.54	-	-

  

Substantial shareholders	II After I and the Proposed New ESOS and assuming full exercise of the New ESOS Options			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% <sup>*4</sup>	No. of Shares	% <sup>*4</sup>
Affin Hwang Nominees (Asing) Sdn Bhd (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,289,408,250	15.04	-	-
RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	412,750,000	4.82	-	-

**Notes:-**

<sup>\*1</sup> Based on the issued Shares of 5,127,757,754 in Bornoil

<sup>2</sup> *The Convertible Securities held by the substantial shareholders as at the LPD is set out below:-*

	<b>Warrants C</b>		<b>Warrants D</b>	
	<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
<i>Affin Hwang Nominees (Asing) Sdn Bhd (Pledged Securities Account for Lei Shing Hong Securities Limited)</i>	-	-	-	-
<i>RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)</i>	117,000,000	-	22,750,000	-

<sup>3</sup> *Based on the issued Shares of 7,453,747,588 in Bornoil*

<sup>4</sup> *Based on the issued Shares of 8,571,809,726 in Bornoil*

#### **4.4 Earnings and EPS**

The Proposed New ESOS is not expected to have any immediate material effect on the earnings of the Group for the financial year ended 30 June 2020, save for the possible impact of the MFRS 2 upon granting of the New ESOS Options. However, any potential effect on the EPS of the Group in the future would depend on the impact of MFRS 2, the number of the New ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the New ESOS Options, which is measured by the fair value of the New ESOS Options after taking into account, inter-alia, the number of the New ESOS Options granted and vested and the subscription price, will need to be measured at the grant date and to be recognised as an expense over the vesting period, and therefore may affect the future earnings of the Group, the quantum of which can be determined only at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of the New ESOS Options to the Eligible Persons.

However, the EPS of the Group will be diluted because of the Company's enlarged issued share capital arising from the issuance of the New Bornoil Shares if and when the New ESOS Options are exercised in the future.

The effects of any exercise of the New ESOS Options on the EPS of the Group would depend on the returns to be generated by the Group from utilisation of the proceeds from the exercise of the New ESOS Options.

#### **4.5 Convertible securities**

Save for the outstanding Warrants C and Warrants D, the Company does not have any other existing convertible securities as at the LPD.

No adjustments will be made to the exercise price and the number of outstanding Warrants C and Warrants D pursuant to the Proposals.

### **5. APPROVALS REQUIRED/ OBTAINED**

The Proposed New ESOS is subject to the following approvals being obtained:-

- (i) Bursa Securities, for the listing and quotation for such number of Bornoil Shares, representing up to 15% of the Company's total number of issued shares (excluding treasury shares) that may be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities;
- (ii) The shareholders of Bornoil for the Proposed New ESOS at an extraordinary general meeting ("**EGM**") to be convened; and
- (iii) Any other relevant authority, if required.

For the avoidance of doubt, according to the Existing ESOS By-Law 25, the Proposed Termination of Existing ESOS is not subject to any approvals from Bursa Securities nor shareholders of Bornoil.

The Proposed New ESOS is conditional upon the Proposed Termination of Existing ESOS.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

### **6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM**

All the Directors of Bornoil are eligible to participate in the Proposed New ESOS, and are therefore deemed interested to the extent of their respective proposed allocation under the Proposed New ESOS. Notwithstanding that, all the Directors of Bornoil have deliberated on the Proposed New ESOS, and have agreed to present the Proposed New ESOS to the shareholders of the Company for their consideration and approval.

All the Directors of Bornoil have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and the proposed allocations of persons connected to them under the Proposed New ESOS, if any, at the relevant Board meetings. The Directors of Bornoil who are deemed persons connected to Eligible Persons under the Proposed New ESOS, if any, have and will continue to abstain from all Board deliberations and voting in respect of the proposed allocations of persons connected to them under the Proposed New ESOS, if any, at the relevant Board meetings.

All the Directors of Bornoil will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, at an EGM to be convened in respect of the ordinary resolutions to be tabled for their respective proposed allocation as well as the proposed allocations to the persons connected to them, if any, under the Proposed New ESOS to be tabled at an EGM to be convened.

All the Directors of Bornoil will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, on the ordinary resolutions pertaining to their respective proposed allocation, and the proposed allocations to the persons connected to them, if any, to be tabled at an EGM to be convened.

The direct and indirect shareholdings of the Directors in Bornoil as at the LPD are as follows:-

Director	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%*1	No. of Shares	%*1
Mr. Tan Kok Chor	-	-	-	-
Datuk Joseph Lee Yok Min @ Ambrose	93,476,100	1.82	26,163,085	0.51
Mr. Chan Keng Leong	-	-	-	-
Mr. Teo Kiew Leong	-	-	-	-
Mr. Seroop Singh Ramday	-	-	-	-
Mr. Michael Moo Kai Wah	-	-	-	-

**Note:-**

\*1 Based on the issued Shares of 5,127,757,754 in Bornoil

Save as disclosed above, none of the Directors and/ or major shareholders of Bornoil and/ or persons connected with them have any interest, directly or indirectly, in the Proposals.

## 7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, including the rationale and justification and the effects of the Proposals, are of the opinion that the Proposals are in the best interest of the Company.

However, in view that all Directors of Bornoil are eligible to participate in the Proposed New ESOS, they have abstained and will continue to abstain from deliberating and making any recommendations at all relevant Board meetings on the resolutions pertaining to their respective allocations as well as allocation to persons connected to them, if any, under the Proposed New ESOS. They will also abstain and ensure that persons connected to them, if any, abstain from voting in respect of their direct and/ or indirect interests in Bornoil, on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed New ESOS at the EGM to be convened. Where the resolutions are not related to their respective allocations or to the persons connected to them, if any, the Directors of Bornoil, after having considered all aspects of the Proposed New ESOS, are of the opinion that the Proposed New ESOS is in the best interest of the Group.

## 8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the second quarter of 2020.

## 9. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities shall be made within 2 months from the date of this announcement.

## 10. ADVISER

UOB Kay Hian has been appointed as the Adviser for the Proposals.

**This announcement is dated 12 March 2020.**