

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

PROPOSED PRIVATE PLACEMENT OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED SHARES OF BORNOIL

Unless otherwise stated, all abbreviations used herein shall have the same meanings as defined in the announcement dated 24 February 2023, which set out the details of the Proposed Private Placement.

Reference is made to the announcement dated 24 February 2023 in relation to the Proposed Private Placement ("**Initial Announcement**").

The Board wishes to provide the following additional information (see underlined) in relation to the Proposed Private Placement. Save for the details set out in this announcement, all the other terms and conditions of the Proposed Private Placement as set out in the Initial Announcement shall remain unchanged.

2.6 Utilisation of proceeds

Based on the indicative issue price of RM0.0161 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to RM31.24 million. The proceeds are intended to be utilised by Bornoil Group in the manner as follows:-

Details of utilisation	Timeframe for utilisation	RM'000
Working capital ^{*1}	Within 36 months from completion	31,089
Estimated expenses ^{*2}	Upon completion	150
Total		31,239

Notes:-

^{*1} The RM31.09 million earmarked for working capital shall be utilised to finance the day-to-day expenses of Bornoil Group. The actual utilisation for the working capital is subject to Bornoil Group's operational requirements at the time of utilisation, and as such can only be determined at a later stage. Notwithstanding that, the indicative breakdown is set out below:-

	RM'000	%
<u>Food and franchise operations ("FFO")</u>		
Sourcing of raw ingredients such as poultry and wheat flour for in-house F&B products [#]	3,218	10.35
<u>Property investment and management ("PIM")</u>		
Contractor fees for the construction of the Plant	2,413	7.76
<u>Resources and sustainable energy ("RSE")</u>		
Sourcing of trading materials such as gypsum, laterite and bauxite used in the production of clinker and cement [@]	15,000	48.25
Operator fees for the transportation of limestone to the relevant ports in Sabah	1,609	5.18
<u>General expenses</u>		
Rental, upkeep of building premises, machineries and motor vehicles, utilities cost and other staff-related expenses	8,849	28.46
Total	31,089	100.00

The indicative breakdown for each in-house F&B products is as follows:-

	<u>RM'000</u>	<u>%</u>
<u>SugarBun</u>	<u>1,609</u>	<u>50.00</u>
<u>Sourcing of fresh ingredients such as fish, chicken, potatoes and wheat flour</u>		
<u>Sabasco Chilli</u>	<u>483</u>	<u>15.00</u>
<u>Sourcing of fresh chillies and glass bottles</u>		
<u>Pezzo</u>	<u>1,126</u>	<u>35.00</u>
<u>Sourcing of fresh meat and tomato sauces</u>		
<u>Total</u>	<u>3,218</u>	<u>100.00</u>

@ MTSB is an existing 29.27%-owned associate company of Bornoil and that the Group has been managing the construction of MTSB's Plant in Sabah since its appointment on 1 August 2017. The construction of the Plant was subsequently completed in August 2022.

As the Project Manager of the Plant, Bornoil Group was also engaged to set up the operations of the cement business, including the procurement division as part of its scope of work since the Group possesses the relevant business network and experience in trading. For the avoidance of doubt, this sourcing arrangement is only a one-off in nature. The management of the procurement process will eventually be handed over to MTSB after the cement business is put on-stream by June 2023.

² The estimated expenses include professional fees, placement fees, regulatory fees and other incidental expenses in relation to the Proposed Private Placement. Any variation in the actual expenses will be adjusted against the proceeds allocated for working capital of the Group.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised will adjust against the amount allocated for working capital of the Group.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments.

2.7 Other fund raising exercise in the past 12 months

The Company had on 26 May 2022, announced the Private Placement I. Private Placement I was completed on 13 December 2022 raising gross proceeds of RM22.40 million:-

Details of utilisation	Timeframe for utilisation	Proposed utilisation RM'000	Amount utilised RM'000	Balance proceeds RM'000
Working capital expenses ^{*1}	Within 36 months	22,312	21,569	743
Estimated expenses	Upon completion	90	90	-
		<u>22,402</u>	<u>21,659</u>	<u>743</u>

Note:-

*1

<u>Details of utilisation</u>	<u>Proposed utilisation</u> <u>RM'000</u>	<u>Amount utilised</u> <u>RM'000</u>	<u>Balance proceeds</u> <u>RM'000</u>
<i>Payment of trade and other payables of Bornoil Group</i>	<u>8,961</u>	<u>8,961</u>	-
<i>Purchase of raw ingredients for the FFO Segment mainly being poultry and wheat flour</i>	<u>4,480</u>	<u>4,480</u>	-
<i>Payment to contractors for the construction works at the Plant</i>	<u>3,360</u>	<u>3,360</u>	-
<i>Purchase of diesel and spare parts for equipment used in the RSE Segment</i>	<u>1,120</u>	<u>377</u>	<u>743</u>
<i>Other expenses (e.g. staff-related expenses, rental of office and franchise premises, utilities, office upkeep and maintenance)</i>	<u>4,391</u>	<u>4,391</u>	-
<u>Total</u>	<u>22,312</u>	<u>21,659</u>	<u>743</u>

Save for Private Placement I, the Company has not undertaken any other fund raising exercises in the 12 months prior to the date of this announcement.

This announcement is dated 4 April 2023.