

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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**BORNEO OIL BERHAD**

Registration No. 198901005309 (121919-H)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SUBSCRIPTION OF UP TO 1,205,827,550 NEW ORDINARY SHARES IN BORNEO OIL BERHAD ("BORNOIL") BY MACQUARIE BANK LIMITED**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*



**UOB Kay Hian Securities (M) Sdn Bhd**

Registration No. 199001003423 (194990-K)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of Bornoil ("**EGM**") will be conducted through live streaming i.e virtual meeting from the Broadcast Venue at Lot 27, Jalan Kolam, Luyang, 88300, Kota Kinabalu, Sabah on Monday, 25 January 2021 at 3.00 p.m., or at any adjournment thereof, together with the Proxy Form are enclosed herein.

Shareholders of Bornoil are to participate, speak (including posing questions to the Board of Directors of Bornoil via real time submission of typed texts) and vote remotely at the EGM using Remote Participation and Voting Facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at <https://tiih.online>. Shareholders of Bornoil who appoint proxies to participate the EGM via RPV must ensure that the duly executed Proxy Form are deposited in a hard copy form or by electronic means to Registered Office of Bornoil by fax at 087-410515 or email to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com). The Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited at Registered Office of Bornoil at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise, the Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative shall not be treated as valid. As an alternative, you may also submit the Proxy Form electronically via Tricor's **TIIH Online** website at <https://tiih.online> no later than Saturday, 23 January 2021 at 3.00 p.m.

Last date and time for lodging the Proxy Form  
Date and time of the EGM

: Saturday, 23 January 2021 at 3.00 p.m.  
: Monday, 25 January 2021 at 3.00 p.m.

This Circular is dated 8 January 2021

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"AUD"	:	Australian Dollars
"Board"	:	Board of Directors of Bornoil
"Bornoil" or the "Company"	:	Borneo Oil Berhad (Registration No. 198901005309 (121919-H))
"Bornoil Group" or the "Group"	:	Bornoil and its subsidiaries, collectively
"Bornoil Share(s)" or "Share(s)"	:	Ordinary share(s) in Bornoil
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	:	This circular dated 8 January 2021 in relation to the Proposed Subscription
"Convertible Securities"	:	Warrants C, Warrants D and ESOS Options, collectively
"Deed Poll C"	:	The deed poll dated 28 September 2015 and supplemental deed poll dated 30 May 2017 constituting Warrants C
"Deed Poll D"	:	The deed poll dated 12 May 2017 constituting Warrants D
"Director(s)"	:	The director(s) of Bornoil and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	Extraordinary general meeting of Bornoil
"EPS"	:	Earnings per Share
"ESOS Scheme"	:	Employees' share option scheme
"ESOS Option(s)"	:	ESOS option(s) granted at the exercise price of RM0.03684 per ESOS Option pursuant to the ESOS Scheme
"Floor Price"	:	RM0.025 per Placement Share pursuant to the Subscription Agreement
"FYE"	:	Financial year ended/ ending
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	31 December 2020, being the latest practicable date prior to the printing and dispatch of this Circular
"LTD"	:	16 November 2020, being the last trading day prior to the date of the Subscription Agreement

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## DEFINITIONS (CONT'D)

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"Major Shareholder(s)"	: A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:-
	(a) 10% or more of the total number of voting shares in the corporation; or
	(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.
	For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act
"Market Day(s)"	: Any day from Mondays to Fridays (inclusive of both days), which is not a public holiday and on which Bursa Securities is open for trading of securities
"Macquarie Bank" or the "Investor"	: Macquarie Bank Limited (Australian Business No. 46 008 583 542), being the subscriber for the Placement Shares pursuant to the Proposed Subscription
"NA"	: Net assets attributable to the owners of Bornoil
"Placement Share(s)"	: Up to 1,205,827,550 new Bornoil Shares to be issued pursuant to the Proposed Subscription
"Price-Fixing Date"	: The date on which Bornoil receives a subscription notice from the Investor in relation to a subscription pursuant to the Proposed Subscription
"Proposed Subscription"	: Proposed subscription of up to 1,205,827,550 Placement Shares by Macquarie Bank at the issue price(s) to be determined in accordance with the terms of the Subscription Agreement
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"Subscription Agreement"	: Conditional subscription agreement dated 17 November 2020 entered into between Bornoil and Macquarie Bank in relation to the Proposed Subscription. The salient terms of this agreement are set out in <b>Appendix I</b> of this Circular
"Subscription Price"	: In accordance with the terms of the Subscription Agreement, the price at which the Investor shall subscribe for each Placement Share upon its subscription of Placement Shares.  The Subscription Price of each Placement Share shall be a price equal to 90.0% of the 5-day VWAP of Bornoil Shares as traded on Bursa Securities immediately preceding the relevant Price-Fixing Date, calculated to 3 decimal places and on rounded up basis
"UOBKH" or the "Adviser" or the "Placement Agent"	: UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"VWAP"	: Volume weighted average market price

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**DEFINITIONS (CONT'D)**

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"Warrant(s) C" : 1,734,679,850 outstanding warrants 2015/ 2025 in Bornoil as at the LPD. Warrants C are constituted by the Deed Poll C 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

"Warrant(s) D" : 378,683,984 outstanding warrants 2017/ 2027 in Bornoil as at the LPD. Warrants D are constituted by the Deed Poll D 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

All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, shall include our subsidiaries.

All references to "you" in this Circular are made to our shareholders, who are entitled to participate, speak and vote at the EGM.

Unless specifically referred to, words denoting singular shall, where applicable, include the plural and vice versa and words denoting masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

Any reference in this Circular to any act or enactment is a reference to that act or enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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## EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Subscription. You are advised to read the Circular in its entirety for further details of the Proposed Subscription and not to rely solely on this Executive Summary in forming a decision on the Proposed Subscription before voting at the EGM.

Key information	Description	Reference to Circular												
Summary of the Proposed Subscription	<ul style="list-style-type: none"><li>Bornoil had, on 17 November 2020, entered into a conditional subscription agreement with Macquarie Bank for the subscription of up to 1,205,827,550 Placement Shares by Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement.</li><li>Pursuant to the terms and conditions of the Subscription Agreement, Macquarie Bank has the rights to subscribe up to 1,205,827,550 Placement Shares at the issue price(s) which is at a price equal to 90.0% of the 5-day VWAP of Bornoil Shares as traded on Bursa Securities immediately preceding the relevant Price-Fixing Date, calculated to 3 decimal places and on rounded up basis, further details of which are set out in <b>Appendix I</b> of this Circular.</li></ul>	Section 2												
Utilisation of proceeds	<ul style="list-style-type: none"><li>Based on the illustrative issue price of RM0.036 per Placement Share and assuming full subscription of 1,205,827,550 Placement Shares by the Investor, Bornoil may raise gross proceeds of up to approximately RM43.41 million which are intended to be utilised in the following manner:-<table><tr><td></td><td>RM'000</td></tr><tr><td>(i) Business expansion and/ or new investments</td><td>20,000</td></tr><tr><td>(ii) Gold exploration works at Hutan Simpan Bukit Ibam, Mukim Keratong, Pahang</td><td>10,000</td></tr><tr><td>(iii) Working capital expenses</td><td>12,410</td></tr><tr><td>(iv) Estimated expenses</td><td>1,000</td></tr><tr><td><b>Total</b></td><td><b>43,410</b></td></tr></table></li></ul>		RM'000	(i) Business expansion and/ or new investments	20,000	(ii) Gold exploration works at Hutan Simpan Bukit Ibam, Mukim Keratong, Pahang	10,000	(iii) Working capital expenses	12,410	(iv) Estimated expenses	1,000	<b>Total</b>	<b>43,410</b>	Section 3
	RM'000													
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(iii) Working capital expenses	12,410													
(iv) Estimated expenses	1,000													
<b>Total</b>	<b>43,410</b>													
Rationale and justifications for the Proposed Subscription	<ul style="list-style-type: none"><li>To raise requisite funds to meet our Group's immediate funding requirements as set out in <b>Section 3</b> of this Circular.</li><li>The Proposed Subscription is a comparatively expedient and efficient avenue to raise the required quantum of funds as opposed to other forms of equity fund raising.</li></ul>	Section 5												
Conditionality	<ul style="list-style-type: none"><li>The Proposed Subscription is not conditional upon any other proposals undertaken or to be undertaken by Bornoil.</li></ul>	Section 9												
Interested parties and any conflict of interest from the Proposed Subscription	<ul style="list-style-type: none"><li>None of our Directors, major shareholders, chief executive of Bornoil and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Subscription.</li><li>UOBKH is an independent party, who has no conflicts of interest or potential conflicts of interest arising from its role as the Adviser and Placement Agent for this Proposed Subscription.</li></ul>	Section 10 and Appendix II												
Board's recommendation	<ul style="list-style-type: none"><li>Our Board recommends that you <b>VOTE IN FAVOUR</b> for the resolution pertaining to the Proposed Subscription, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular, or the Notice of EGM as enclosed.</li></ul>	Section 13												



**BORNEO OIL BERHAD**  
Registration No. 198901005309 (121919-H)  
(Incorporated in Malaysia)

**Registered Office**

1st & 2nd Floor, Victoria Point  
Jalan OKK Awang Besar  
87007 Wilayah Persekutuan Labuan

8 January 2021

**Board of Directors**

Tan Kok Chor (*Chairman/ Independent Non-Executive Director*)  
Datuk Joseph Lee Yok Min @ Ambrose (*Executive Director*)  
Teo Kiew Leong (*Executive Director*)  
Chan Keng Leong (*Executive Director*)  
Michael Moo Kai Wah (*Independent Non-Executive Director*)  
Seroop Singh Ramday (*Senior Independent Non-Executive Director*)

**To: Our shareholders**

Dear Sir/ Madam,

**PROPOSED SUBSCRIPTION**

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**1. INTRODUCTION**

On 17 November 2020, UOBKH had, on behalf of our Board, announced that we had on even date entered into a conditional share subscription agreement with Macquarie Bank for the subscription of up to 1,205,827,550 Placement Shares by Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement.

The total number of Placement Shares under the Subscription Agreement represents up to approximately 19.03% of the total current number of issued Shares (excluding treasury shares).

On 17 December 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had via its letter dated 17 December 2020, resolved to approve the listing and quotation for the Placement Shares on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 9** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SUBSCRIPTION AS WELL AS TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SUBSCRIPTION TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED SUBSCRIPTION TO BE TABLED AT THE EGM.**

## **2. DETAILS OF THE PROPOSED SUBSCRIPTION**

### **2.1 Details of the Proposed Subscription**

The Proposed Subscription entails the Investor, who has been granted the right, to subscribe up to 1,205,827,550 Placement Shares at the issue price(s) to be determined in accordance with the terms and conditions of the Subscription Agreement.

For information purpose, as at the LPD, the total number of issued shares of Bornoil is 6,336,557,754 (excluding 405,126,000 treasury shares). Therefore, the total number of Placement Shares of up to 1,205,827,550 Placement Shares represent approximately 19.03% of the total number of issued Shares (net treasury shares) as at the LPD. Upon completion of the Proposed Subscription (assuming full subscription of 1,205,827,550 Placement Shares by the Investor), the total number of issued Shares (net treasury shares) will increase from 6,336,557,754 Shares to 7,542,385,304 Shares.

Notwithstanding that the total number of Placement Shares represents approximately 19.03% of the total number of issued Shares (net treasury shares) as at the LPD, it is not the intention of the Investor to become a Major Shareholder of Bornoil. Therefore, the Placement Shares to be subscribed by the Investor is not subject to any moratorium throughout the subscription period which means the Investor may sell any Shares throughout the subscription period. Further, pursuant to Clause 33 of the Subscription Agreement, the Investor has represented that it does not have any intention on the following:-

- (i) nominate any person to the Board;
- (ii) remove or replace any person from the Board; or
- (iii) participate in the management of Bornoil,

further details of which, are set out in **Appendix I** of this Circular.

Pursuant to the Subscription Agreement, Macquarie Bank will become the sole owner of the Placement Shares and has the sole discretion to subscribe for the Placement Shares, subject to a minimum commitment under the terms of the Subscription Agreement as highlighted in **Appendix I** of this Circular.

### **2.2 Basis and justification of determining the issue price of the Placement Shares**

Pursuant to the terms of the Subscription Agreement, the Placement Shares shall be issued at a price equal to 90.0% of the 5-day VWAP of Bornoil Shares as traded on Bursa Securities immediately preceding the relevant Price-Fixing Date, calculated to 3 decimal places and on rounded up basis.

In addition, pursuant to the Subscription Agreement, the parties of the Subscription Agreement have agreed to fix a floor price of RM0.025 per Placement Share. For clarification, the Subscription Price can never be lower than the Floor Price, unless otherwise agreed between the parties of the Subscription Agreement. Additionally, should there be any material variations pursuant to Paragraph 8.22 of the Listing Requirements, Bornoil will first make the relevant announcement and procure shareholders' approval for the aforesaid variation.



### 2.2.1 Basis and justification for the Subscription Price

The basis that the Subscription Price was determined at a price equivalent to 90.0% to the 5-day VWAP of Bornoil Shares immediately preceding the Price-Fixing Date was mutually agreed by the parties of the Subscription Agreement, after taking into consideration, the following:-

- (i) the intention to place out the Placement Shares at a price deemed attractive as well as acceptable to Bornoil and the Investor in view of the prevailing market conditions as set out in **Section 6.1** of this Circular; and
- (ii) the funding requirements of Bornoil Group as set out in **Section 3** of this Circular.

For illustrative purpose only, the 5-day VWAP of Bornoil Shares up to and including the LPD is RM0.040 per Bornoil Share. As such, the illustrative issue price of the Placement Shares may be priced at RM0.036 per Placement Share, which represents a price equal to 90.0% to the said 5-day VWAP, calculated to 3 decimal places and on rounded up basis in accordance with the terms of the Subscription Agreement.

For the avoidance of doubt, the total subscription amount derived from the actual Subscription Price for the number of Placement Shares to be subscribed by the Investor, will be fully paid via cash by the Investor to Bornoil.

### 2.2.2 Basis and justification for the Floor Price

The basis that the floor price of RM0.025 per Placement Share was mutually agreed by the parties of the Subscription Agreement, after taking into consideration, the following:-

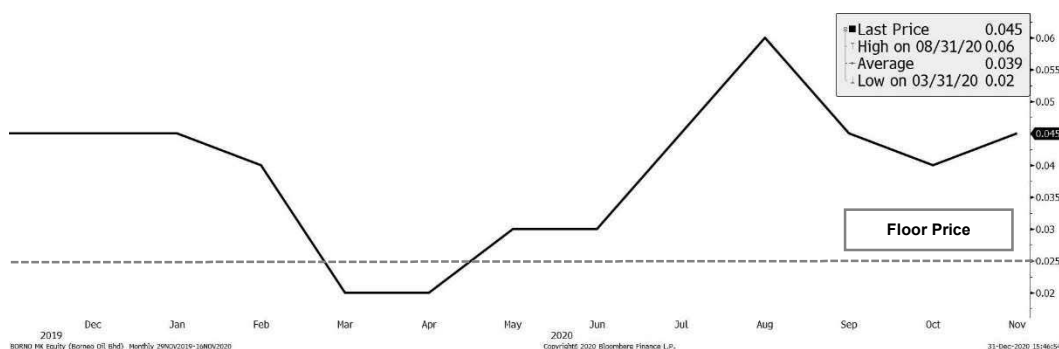
- (i) the funding requirements of Bornoil as set out in **Section 3** of this Circular; and
- (ii) The prevailing market conditions and the historical trading prices of Bornoil Shares for the past 12 months up to the LPD. For information purpose, the floor price of RM0.025 per Placement Share represents discount to the following VWAPs:-

	Share price RM	Discount RM	%
<b><u>Up to and including the LPD</u></b>			
5-day VWAP of Bornoil Shares	0.040	(0.015)	(37.50)
1-month VWAP of Bornoil Shares	0.041	(0.016)	(39.02)
3-month VWAP of Bornoil Shares	0.042	(0.017)	(40.48)
6-month VWAP of Bornoil Shares	0.062	(0.037)	(59.68)
12-month VWAP of Bornoil Shares	0.057	(0.032)	(56.14)
<b><u>Up to and including the LTD</u></b>			
Closing market price of Bornoil Shares	0.045	(0.020)	(44.44)
5-day VWAP of Bornoil Shares	0.045	(0.020)	(44.44)

(Source: Bloomberg)

Based on the above, the Floor Price represents a discount ranging from approximately 37.50% to approximately 59.68% to the closing market prices of Bornoil Shares as at the LPD, 5-day VWAP, 1-month VWAP, 3-month VWAP, 6-month VWAP and 12-month VWAP of Shares up to and including the LPD and a discount of approximately 44.44% to the closing market price of Bornoil Shares as at the LTD and 5-day VWAP of Shares up to and including the LTD.

In addition to the above, our Board had also taken into account the closing prices of Shares traded on Bursa Securities for the past 12 months up to and including the LTD. The graph of the aforesaid historical closing prices of Shares are set out below:-



(Source: Bloomberg)

Based on the graph above, the highest and the lowest closing price of Bornoil Share is at RM0.06 on 31 August 2020 and RM0.02 on 31 March 2020, respectively. Therefore, the floor price of RM0.025 per Placement Share is within the range between the high and the low of Shares over the past 12 months up to and including the LTD. Premise on the historical trend of the Share prices for the past 12 months up to and including the LTD as well as the required quantum of funds to meet the funding objectives as highlighted in **Section 3** of this Circular, our Board is of the view that the agreed floor price of RM0.025 per Placement Share by the parties of the Subscription Agreement is fair and is able to entice the Investor to subscribe for the Placement Shares.

## 2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the then existing Bornoil Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares.

## 2.4 Listing and quotation for the Placement Shares

Bursa Securities had via its letter dated 17 December 2020, approved the listing and quotation for the Placement Shares on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 9** of this Circular.

## 2.5 Information on Macquarie Bank

Macquarie Bank Limited (ABN 46 008 583 542) is a company incorporated under the laws of Australia and having its registered office at Level 6, 50 Martin Place, Sydney NSW 2000, Australia. As at the LPD, the total issued share capital of Macquarie Bank was AUD8.30 billion comprising 634,000,000 shares. Macquarie Bank is a wholly-owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (a company listed on the Australian Securities Exchange), and is regulated by the Australian Prudential Regulation Authority as an Authorised Deposit-taking Institution. For information purposes, the directors of Macquarie Bank are as follows:-

(i) Independent Directors

- a) Peter H. Warne, Chairman
- b) Jillian R. Broadbent AC
- c) Gordon M. Cairns
- d) Philip M. Coffey
- e) Michael J. Coleman
- f) Diane J. Grady AM
- g) Glenn R. Stevens AC
- h) Nicola M. Wakefield Evans

(ii) Executive Voting Directors

- a) M.J. Reemst, Managing Director and Chief Executive Officer
- b) Shemara R. Wikramanayake

The principal activity of Macquarie Bank and its subsidiaries is to act as a full service financial services provider offering a range of commercial banking and retail financial services in Australia and selected financial services offshore. As at the LPD, Macquarie Bank's parent company, namely Macquarie Group Limited has a market capitalisation size of AUD50.12 billion.

*(Source: Macquarie Bank)*

## 2.6 Salient terms of the Subscription Agreement

Please refer to **Appendix I** of this Circular for the salient terms of the Subscription Agreement.

## 3. UTILISATION OF PROCEEDS

The actual proceeds to be raised from the Proposed Subscription is dependent on the issue price and the actual number of the Placement Shares to be issued throughout the validity of the Subscription Agreement.

Purely for illustrative purpose, our Board adopts the illustrative issue price of RM0.036 per Placement Share to illustrate the gross proceeds raised and the utilisation thereon for shareholders' information. Based on the aforesaid illustrative issue price of RM0.036 per Placement Share and assuming full subscription of 1,205,827,550 Placement Shares by the Investor, the Proposed Subscription is expected to raise gross proceeds of up to approximately RM43.41 million.

The proceeds are intended to be utilised by Bornoil Group in the following manner:-

Details of utilisation	Timeframe for utilisation	Amount of proceeds RM'000
Business expansion and/ or new investments <sup>*1</sup>	Within 36 months from the receipt of placement funds	20,000
Gold exploration works at Hutan Simpan Bukit Ibam, Mukim Keratong, Pahang ("Plant") <sup>*2</sup>	Within 36 months from the receipt of placement funds	10,000
Working capital expenses <sup>*3</sup>	Within 36 months from the receipt of placement funds	12,410
Estimated expenses in relation to the Proposed Subscription <sup>*4</sup>	Upon completion of the Proposed Subscription	1,000
<b>Total</b>		<b>43,410</b>

**Notes:-**

<sup>\*1</sup> In view of the current market condition, our Board has proposed to earmark up to RM20.00 million to fund the new business strategy and plans as set out below. The exact amount of such proceed for the intended purposes has not been determined at this juncture as it is dependent on the operational and funding requirements at the time of utilisation as well as the amount to be successfully raised from the Proposed Subscription. Notwithstanding the above and on best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the business expansion and/ or new investments (the list of order is on priority basis) are as follows:-

Note	Estimated allocation of proceeds (%)
(i) Launching of SugarBun e-wallet platform	0.25
(ii) Expansion of product offerings within Bornoil Group's food and franchise operations ("FFO") business segment	50.00
(iii) Setting up of 5 new shared kitchen centres in Malaysia	3.75
(iv) Setting up of new central kitchen and warehouse in West Malaysia for our SugarBun retail segment and upgrading of existing central kitchen located in Kuching, Sarawak	10.00
(v) Setting up of new Sabasco Chilli Plant for the production of new in-house sauce	12.50
(vi) Development and construction of SugarBun stand-alone outlet in Sabah	22.75
(vii) Funding of operating expenses for Bornoil Group's FFO business segment	0.75
<b>Total</b>	<b>100.00</b>

(i) Bornoil Group intends to collaborate with MobilityOne, an e-wallet service provider, to launch e-wallet payment (cashless payment) at Bornoil Group's SugarBun outlets. This initiative is in line with the Government's initiative to encourage the usage of digital and contactless payments among the public, small businesses and retail stores under the Short-term National Economic Recovery Plan ("PENJANA"), aiming to spur domestic spending of the local merchants and to encourage higher adoption of digital payments as a safer and more secured payment mode as compared to cash during this coronavirus disease ("COVID-19") pandemic.

The collaboration with MobilityOne will enable Bornoil Group to leverage on MobilityOne's e-commerce merchant network to use digital and contactless payment methods when there is payment or order made for SugarBun products. This is expected to provide SugarBun's customers a more secured payment process when ordering SugarBun products.

It is the intention of Bornoil Group to earmark up to approximately RM0.05 million, mainly to fund the set-up costs of e-wallet platform, which include, amongst others, the development of e-wallet mobile application, setting up of online services and bill payment integration system and network, development of e-wallet website, purchase of anti-virus and/ or security software system, and software for the encryption of personal users' data.

For information purpose only, MobilityOne is a digital system developed by MobilityOne Limited ("MOL"), a public company listed on Alternative Investment Market (AIM) of the London Stock Exchange and was incorporated in Jersey, the Channel Islands under the Companies (Jersey) Law 1991.

Through MOL's subsidiaries, MOL is involved in the provision of e-commerce infrastructure payment solutions and platforms through their proprietary technology solutions, under the brands MoCS and ABOSSE. MOL's technology platform allows transactions through multiple channels, such as mobile phones, Internet, electronic data capture terminals, Internet banking portal, automated teller machines (ATM) and mobile banking.

- (ii) Bornoil Group intends to expand our food products specifically within our FFO business segment. Therefore, Bornoil Group has earmarked up to approximately RM10.00 million to explore and identify any new business opportunities within our FFO business segment to widen Bornoil Group's current product offerings.

As at the LPD, several in-house foods and beverages ("F&B") brands held under Bornoil Group are "Broasted Chicken", "Borneo Eco Fish" and "Hot Saucy Kano" under SugarBun and "Sarawak Laksa", "Fisherman's Favourite" and "Chicken Rendang" pizzas under Pezzo. In addition, as highlighted in note 1(v), Section 3 of this Circular below, Bornoil Group has recently developed a new recipe on chili sauce, namely "Sabasco Premium Sabah Borneo". Bornoil Group will continue to identify and develop any new suitable recipes, menus and/ or complementary products within our FFO business segment by carrying out market research and market testing for our new products before marketing it to mass market. We intend to market them at our F&B outlets as well as through online platform. In conjunction with this plan, we intend to partner with online delivery service providers in Malaysia such as Delivery Hero Malaysia Sdn Bhd (formerly known as Foodpanda Malaysia Sdn Bhd) ("Foodpanda") for the delivery service of the online orders made by our customers.

- (iii) To further expand our FFO business segment, it is the intention of Bornoil Group to earmark up to approximately RM0.75 million to part finance the setting up and construction costs of 5 new shared kitchens spaces within Malaysia. For information purposes, the estimated total cost for the aforesaid setting up and construction costs of 5 new shared kitchen centres is approximately RM0.80 million. Any shortfall for the aforesaid intended allocation will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by our Board at a later date. Similar to the shared workspaces concept, this shared kitchenspaces concept is a new concept whereby Bornoil Group will provide kitchen space that is fully equipped with kitchen and cooking facilities readily rented by small and medium F&B business owners/ chefs, who may not have a suitable place to prepare and market their foods. The kitchen space will be shared by these small and medium F&B business owners/ chefs, and is believed to relief the burden of these business owners/ chefs from incurring investment costs associated with operating a dine-in restaurant such as renting a new shoplot or outlet to sell their F&B as they can rent the shared kitchen space (usually in the space of 200 square feet), as and when required and for a period of time that cater to their schedule and convenience. Further, the shared kitchen space is expected to reduce the operating expenses to purchase the kitchen and cooking facilities of these business owners/ chefs as these facilities are readily available for use in the shared kitchen space.

Our Board is of the view that this shared kitchenspaces concept will attract new or young chefs/ entrepreneurs who prefer to start the business at low costs or businesses that intend to market test their new foods and/ or beverages before officially sell to a greater market. At present, our Board is in the midst of negotiating with an online food delivery service provider, namely Foodpanda (owned by Foodpanda), whereby the F&B merchants (i.e. the F&B outlets and/ or service providers) may rent the shared kitchen space to prepare the foods for delivery orders made online with Foodpanda. The Foodpanda rider will collect the delivery orders made from the food merchants gathered in the shared kitchenspaces and to deliver to the end-customers. This will lessen the trips of these riders and increase the productivity of the logistics process for any foods orders.

Subject to the proceeds being obtained, Bornoil Group has identified 2 main locations i.e. Kuala Lumpur, Wilayah Persekutuan (2 shared kitchen spaces) and Kota Kinabalu, Sabah (3 shared kitchen spaces) to set up the new shared kitchens spaces.

- (iv) Bornoil Group has earmarked up to RM2.00 million to part finance the setting up of a new central kitchen based in West Malaysia and to finance the upgrading works of our existing central kitchen in Kuching, Sarawak. Further details of the utilisation and allocation of proceeds for the aforesaid purposes are as follows:-

	Estimated allocation of proceeds (%)
<b><u>Setting up of new central kitchen and warehouse in West Malaysia for our SugarBun retail segment.</u></b>	50.00

Bornoil Group currently has two central kitchens based in Kota Kinabalu, Sabah and Kuching, Sarawak. The current central kitchens are supplying the main ingredients of SugarBun to all the outlets based in East Malaysia only, whilst the outlets in the West Malaysia are producing the main ingredients of SugarBun from their respective outlets.

To ensure the consistency of taste and quality of SugarBun at all outlets in West Malaysia, it is the intention of Borneoil Group to set up a central kitchen in Kuala Lumpur, Wilayah Persekutuan for the purpose of supplying the main ingredients of SugarBun, which will be distributed to all SugarBun outlets in the West Malaysia. The central kitchen will also serve as the warehouse to store the main ingredients, and subsequently supply to all SugarBun outlets so as to ensure that the taste and quality of SugarBun are consistent in all outlets at all times. For information purposes, the estimated total cost for the setting up of a new central kitchen based in West Malaysia is approximately RM1.20 million. Any shortfall for the aforesaid intended allocation will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by our Board at a later date.

With the setting up of the new central kitchen in the West Malaysia, it allows our management team of Borneoil to have better monitoring of the quality and quantity of the materials/ ingredients and the material costs for each outlets.

**Upgrading of existing central kitchen located in Kuching, Sarawak.**

50.00

The existing central kitchen located in Kuching, Sarawak is a 25 years old building. As a measure to adhere to the health and safety procedures and requirements, our Board has earmarked up to approximately RM1.00 million for the upgrading and improvement works, which include interior fit-out works, replacement of sinking slab, rectifying of water leaking, minor interior renovation, electrical and cable fitting and replacement of certain cooking facilities of this central kitchen. The upgrading and improvement works are expected to increase the workplace safety environment among the employees of this central kitchen. For information purposes, the estimated total cost for the aforesaid upgrading works of existing central kitchen located in Kuching, Sarawak is approximately RM1.20 million. Any shortfall for the aforesaid intended allocation will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by our Board at a later date.

- (v) Borneoil Group has recently invented a new chilli sauce, brand under "**Sabasco Premium Sabah Borneo**". With the intention to mass market this chili sauce, Borneoil Group proposed to earmark up to approximately RM2.50 million to part finance the setting up of a new chili plant to carry out the manufacturing and production activities of the aforesaid chilli sauce. For shareholders' information, Borneoil Group has obtained our trade mark certificate for Sabasco Premium Sabah Borneo from the Intellectual Property Corporation of Malaysia in December 2019. For information purposes, the estimated total cost for the aforesaid intention of setting up of a new chili plant is approximately RM3.00 million. Any shortfall for the aforesaid intended allocation will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by our Board at a later date.

As at the LPD, Borneoil Group is in the midst of identifying a suitable land located at Kunak District in the Tawau Division of Sabah for the manufacturing and production plant of the chili sauce. The proceeds earmarked for this purpose will include the land cost and the setting up of the chilli plant, the exact breakdown of which has yet to be determined at this juncture. Further, Borneoil Group is also in the midst of applying for the necessary approval and certification for Sabasco Premium Sabah Borneo sauce to comply with food safety and quality requirements with authorities, which include, amongst others, Hazard Analysis Critical Control Points and Halal Certification at Kunak District in the Tawau Division of Sabah, Malaysia which are expected to be obtained in the first quarter of 2021.

- (vi) It is the intention of Borneoil Group to develop retail/ commercial development area to construct our own stand alone outlet, which will house all the foods brands under Borneoil Group for instance, SugarBun, Borneo Asian Food and Pezzo, as part of the expansion plans for our FFO business segment. For clarity, Borneoil Group will become the anchor tenant of this proposed development. For information purposes, the estimated total cost for the development of retail/ commercial development area to construct our own stand alone outlet is approximately RM6.00 million.

Borneoil Group has earmarked up to approximately RM4.55 million to part finance the acquisition cost of a piece of land with an estimated size of 44,000 sq ft, and the development and construction costs of this proposed development project which will be located in Kota Kinabalu, Sabah. Any shortfall for the aforesaid intended allocation will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by our Board at a later date.



The breakdown of the estimated costs for the land and construction is set out below:-

Vacant land with an estimated size of 44,000 sq ft	RM2.5 million
Construction cost which includes, amongst others, renovation costs, equipment and fittings, lightings and electricity wire fixtures	RM2.0 million
Regulatory/ building approval fees	RM0.05 million
<b>Total</b>	<b>RM4.55 million</b>

The management team is currently in the midst of identifying and negotiating with several landowners. Apart from Bornoil Group's brand being the anchor tenant of the development, our management intends to rent out the remaining outlets to other food retailers, such as, amongst others, premium frozen seafood products' retailers, fresh local produce and bakery with coffee bar.

- (vii) It is the intention of Bornoil Group to earmark up to approximately RM0.15 million or 0.75% to fund the operating expenses and general working capital for FFO business segment. The said expenses include, amongst others, the following:-

Purposes	%
Trade and other payables, suppliers or creditors	30.00
General administrative expenses such as sales and marketing expenses, travelling and distribution costs, and office or rental costs	30.00
Other operating expenses such as utility bills and staff costs	40.00
<b>Total</b>	<b>100.00</b>

As the Proposed Subscription will be implemented in tranches, the issue price as well as the number of Placement Shares to be issued are not determinable at this juncture. As such, our Board is unable to determine the exact amount to be allocated from the gross proceeds for the above business expansion and/ or new investments at current stage. As highlighted in **note 1** above, the order for the allocation of the proceeds for these business expansion and/ or new investments will be guided on priority basis. Therefore, upon the determination of the gross proceeds raised from the Proposed Subscription, our Board shall have the absolute discretion to decide on the allocation of the proceeds for these business expansion and/ or new investments, guided by the order as listed above as well as the estimated percentage of allocation from the gross proceeds as disclosed above. This includes any claw back of funds among these business expansion and/ or new investments according to the priority at the relevant point in time.

Notwithstanding the above, in the event the actual gross proceeds to be raised from the Proposed Subscription for the above business expansion and/ or new investments is less than RM20.00 million, the shortfall between the actual gross proceeds raised and the intended gross proceeds to be raised will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by our Board at a later date upon obtaining all the necessary approvals (if necessary), and subject to the operational requirement at the relevant point in time.

- <sup>\*2</sup> It is the intention of Bornoil Group to earmark the proceeds raised up to RM10.00 million to finance the gold exploration works at the Plant.

Since the conclusion of the 1st preliminary exploration works at the Plant in March 2019, an assessment of potential gold resources was conducted, the result of which shows a potential gold reserves of 60,032 ounces or 1,866,943 grams of gold. Thereafter, Bornoil Group had on 6 August 2020 announced the result of an Independent Reserves Assessment under the Australasian Code on Reporting of Exploration Results - Mineral Resources and Ore Reserves ("JORC") Report on one part of the Plant, namely Zone B and the recommendation was made by an industry expert that to develop the exploration of not only in Zone B, but also in other zones within the Plant that have a similar geology findings as they may hold significant potential for additional gold resources.

Presently, Bornoil Group is still in the midst of carry out its exploration works in the other zones within the Plant and concurrently assessing the same under the JORC standards on the resources within the same area.

- <sup>\*3</sup> It is the intention of Bornoil Group to earmark the proceeds raised up to RM12.41 million to partially defray the general working capital expenses for our day-to-day operations, which include, but are not limited to, payment of trade and other payables of Bornoil Group, general administrative and daily operational expenses such as utilities and any other overhead expenditures.

Notwithstanding the above and on best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows, subject to the operating and funding requirements of Bornoil Group at the time of utilisation:-

	Estimated allocation of proceeds (%)
Payment of trade and other payables of Bornoil Group	60.00
General administrative and daily operational expenses such as utilities and any other overhead expenditures	40.00
<b>Total</b>	<b>100.00</b>

The allocation of the proceeds to be utilised for the working capital may be subject to the operating and working capital requirements at the time of utilisation, and such allocation shall be determined by our Board in its discretion.

For the avoidance of doubt, Bornoil had, on 11 June 2020, announced a private placement exercise which had raised approximately RM23.72 million as at the LPD and such proceeds raised was utilised for, amongst others, the working capital expenses. As at the LPD, Bornoil Group has utilised approximately RM8.95 million out of approximately RM18.61 million allocated for the working capital expenses, further details of which are set out in **Section 4** of this Circular. Notwithstanding that there is approximately RM9.66 million unutilised proceeds for the working capital expenses from the Placement I (as defined herein), the additional allocation of up to RM12.41 million from the gross proceeds to be raised from the Proposed Subscription to partially defray our general working capital expenses will provide more flexibility in respect of financial allocations for our operational requirements and short to medium terms obligations without incurring additional risk of debt servicing obligations (i.e. cash flow availability to cover interest and principal on debt obligations).

\*4 The proceeds earmarked for the estimated expenses in relation to the Proposed Subscription will be utilised as follows:-

	<b>RM'000</b>
Professional fees and placement fees, the breakdown of which is set out below:-	930
	<b>RM'000</b>
Adviser and placement agent	100
Placement fees	530
Other advisory fees (including all lead manager/ arranger fees pertaining to the transactions contemplated by the Subscription Agreement)	300
<b>Total</b>	<b>930</b>
Regulatory fees	30
Other incidental expenses in relation to the Proposed Subscription	40
<b>Grand Total</b>	<b>1,000</b>

The actual gross proceeds to be raised from the Proposed Subscription are dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the general working capital of Bornoil Group.

Pending utilisation of the proceeds from the Proposed Subscription for the above purposes, the proceeds will be placed as deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital of Bornoil Group.

#### 4. FUND RAISING EXERCISES IN THE PAST 12 MONTHS

For shareholders' information, Bornoil had on 11 June 2020, announced a placement of up to 10% of the total number of issued shares of Bornoil under our General Mandate pursuant to Sections 75 and 76 of the Act ("**Placement I**"). As at the LPD, Bornoil has placed out an aggregate number of 626,300,000 Bornoil Shares, raising a total gross proceeds of approximately RM23.72 million, further details are set out below:-

<b>Listing Date</b>	<b>Issue Price RM</b>	<b>Placement Shares</b>	<b>Proceeds raised RM</b>
3 August 2020	0.0316	329,000,000	10,396,400
11 August 2020	0.0373	10,300,000	384,190
18 August 2020	0.0435	242,000,000	10,527,000
11 September 2020	0.0536	45,000,000	2,412,000
<b>Total</b>		<b>626,300,000</b>	<b>23,719,590</b>



The status of the utilisation of the said gross proceeds as at the LPD is set out below:-

Details of utilisation	Expected timeframe for utilisation	Proposed utilisation RM'000	Amount utilised as at the LPD RM'000
Upgrading of general infrastructure at limestone quarry operations site	Within 24 months from the receipt of placement funds	5,000	-
Working capital expenses**1	Within 24 months from the receipt of placement funds	18,610	8,948
Estimated expenses in relation to the Placement I	Upon completion of the Placement I	110	110
<b>Total</b>		<b>23,720</b>	<b>9,058</b>

**Note:-**

\*\*1 The breakdown and status of the utilisation of proceeds earmarked for working capital expenses as at the LPD are as follows:-

	Proposed utilisation RM'000	Amount utilised RM'000	Amount unutilised RM'000
Payment of trade and other payables of Bornoil Group	11,166	5,828	5,338
General administrative expenses	1,861	758	1,103
Other operating expenses such as utilities and any other overhead expenditures	5,583	2,362	3,221
<b>Total</b>	<b>18,610</b>	<b>8,948</b>	<b>9,662</b>

For the avoidance of doubt, notwithstanding that there is an unutilised proceeds of approximately RM9.66 million from the Placement I cater for the working capital expenses, it is the intention of our Board to raise further fresh funds so as to retain an adequate cash level of working capital within Bornoil Group to finance our internal working capital requirements over the short to medium terms. The proposed allocation of up to approximately RM12.41 million from the gross proceeds to be raised from the Proposed Subscription is cater to finance our general working capital expenses, hence, will strengthen our cash flow position and provide us with higher flexibility in respect of financial allocations for our operational requirements and short to medium terms obligations without incurring additional debt servicing obligations (i.e. cash flow availability to cover interest and principal on debt obligations).

For information purposes, the total number of issued shares of Bornoil is 6,336,557,754 Shares (excluding 405,126,000 treasury shares) as at the LPD and accordingly, a total of 633,655,775 Bornoil Shares may be issued pursuant to the Placement I. As at the LPD, Bornoil has placed out an aggregate number of 626,300,000 Bornoil Shares. Based on the total number of issued shares of Bornoil as at the LPD, the remaining Shares to be placed out under the Placement I are 7,355,775 Bornoil Shares. The completion of Placement I is expected in January 2021. Save for the Placement I and the Proposed Subscription, Bornoil has not undertaken any other fund raising exercise in the past 12 months up to the LPD.

## 5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED SUBSCRIPTION

Upon evaluating the funding requirements for Bornoil Group's plan and strategies as set out in **Section 3** of this Circular, our Board is of the view that capital fund raising via Proposed Subscription is a comparatively expedient and efficient avenue to raise the required quantum of funds to finance the working capital expenses mainly for our FFO and property investment and management business segments as opposed to other forms of equity fund raising such as rights issue exercise, as the Investor and the basis of the subscription price have been determined upfront, and the Investor is required to pay the respective placement funds on an immediate basis upon Bornoil and Placement Agent receiving the subscription notice from the Investor. With the fresh capital injection from the Proposed Subscription, Bornoil Group may retain an adequate cash level and flexibility in respect of financial allocations for our operational requirements, short to medium terms obligations and liabilities, and the intended purposes as set out in **Section 3** of this Circular without interfering the internal cash flow of Bornoil Group.

The Proposed Subscription also enables Bornoil Group to raise additional funds without having to incur additional bank borrowings thereby reducing the debt repayment obligation and related interest expenses. This allows Bornoil Group to preserve cash flow for operational purpose and to reduce gearing level whilst enhance trading liquidity of Bornoil Shares.

### 5.1 Commentary on the financial performance and financial position of Bornoil Group for the past 3 financial years up to the FYE 30 June 2020 and the latest unaudited quarterly results for the 3-month financial period ended ("FPE") 30 September 2020

Presently, Bornoil Group is principally involved in the following operating segments:-

- (i) Head office and others;
- (ii) Food and franchise operations;
- (iii) Property investment & management ("**PIM**"); and
- (iv) Resources & sustainable energy ("**RSE**").

The financial summary of Bornoil Group based on the audited results for the past 3 financial years up to the FYE 30 June 2020 and the latest unaudited quarterly results for the 3-month FPE 30 September 2020, is set out below:-

	<-----Audited----->			<---Unaudited--->
	17-month FPE 30 June 2018	12-month FYE 30 June 2019	12-month FYE 30 June 2020	3-month FPE 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	137,108	93,170	88,289	12,038
Other income	11,754	115,388	8,250	691
PBT/ LBT	(1,589)	5,296	4,063	(5,106)
PAT/ LAT	(5,898)	(6,610)	1,598	(5,192)
Total interest-bearing borrowings	6,693	15,414	16,164	15,842
Total fixed deposits, cash and bank balances	20,345	27,644	9,555	39,640
Shareholders' funds/ NA	681,343	673,477	671,808	696,362
Net operating cash flows	6,859	8,310	(27,104)	8,264
Weighted average no. of Shares outstanding ('000)	4,437,346	5,188,738	5,122,438	5,658,746
Earnings/ (Loss) per Share (sen)	(0.13)	(0.13)	0.03	(0.09)
NA per Share (RM)	0.13	0.13	0.13	0.12
Gearing ratio (times)	0.01	0.02	0.02	0.02

### **17-month FPE 30 June 2018 ("FPE 2018")**

Due to a change in the financial year from 31 January to 30 June, the comparative figures for the 17-month FPE 30 June 2018 and the 12-month FYE 31 January 2017 ("FYE 2017") may not be entirely comparable. However, the financial commentaries during the financial period under review are provided as follows:-

For the FPE 2018, Bornoil Group recorded revenue of RM137.11 million against the revenue recorded for the FYE 2017 of RM160.83 million. The revenue was mainly contributed by FFO business segment, which has recorded RM71.04 million during the financial period under review. However, the revenue was also adversely impacted by the RSE business segment due to the decline in gold trading activities.

For the FPE 2018, Bornoil Group recorded LBT of approximately RM1.59 million against the PBT of approximately RM48.65 million for the FYE 2017. During the financial period under review, Bornoil Group has recorded other income of approximately RM11.75 million, mainly comprised of, amongst others, gain on disposal of subsidiaries of RM5.14 million and gain on disposal of investment properties of RM2.85 million. Excluding the other income component, Bornoil Group would have recorded an adjusted LBT of RM13.34 million. In accordance with the loss recorded during the financial period under review, Bornoil Group recorded LAT of RM5.90 million for the FPE 2018.

For the FPE 2018, Bornoil Group recorded NA of approximately RM681.34 million, representing an increase of approximately RM89.56 million against the NA of approximately RM591.78 recorded during the FYE 2017. Such increase was mainly due to the increase in share capital as a result of the exercise of 747,966,000 employees' shares options scheme at the exercise price of RM0.09 per option as well as the conversion of Warrants.

For the FPE 2018, Bornoil Group recorded total borrowings of RM6.69 million against the total borrowings of RM1.27 million recorded during the FYE 2017 mainly due to the higher hire purchase and new term loans drawdown to facilitate the FFO and RSE business operations. Notwithstanding the increase in total borrowings, the gearing level remained at 0.01 times during the financial period under review.

### **12-month FYE 30 June 2019 ("FYE 2019")**

Due to a change in the financial year from 31 January to 30 June, the comparative figures for the 17-month FPE 30 June 2018 and the 12-month FYE 30 June 2019 may not be entirely comparable. However, the financial commentaries during the financial year under review are provided as follows:-

For the FYE 2019, Bornoil Group recorded revenue of RM93.17 million against the FPE 2018 of RM137.11 million. The revenue was mainly attributable to FFO and PIM business segments, which recorded RM48.84 million and RM36.68 million, respectively, during the financial year under review. However, the revenue was adversely impacted by sales and services tax, which was implemented by the Government in 2018, resulting in higher cost of sales as well as a decline in gold trading activities and sales of limestones during the FYE 2019.

For the FYE 2019, Bornoil Group recorded PBT of RM5.30 million against the LBT of RM1.59 million recorded for the FPE 2018. However, Bornoil Group recorded LAT of RM6.61 million mainly due to the deferred tax liabilities arising from the revaluation gain of investment properties during the financial year against the LAT of RM5.90 million recorded for the FPE 2018.

For the FYE 2019, Bornoil Group recorded NA of RM673.48 million against the NA of RM681.34 million during the FPE 2018, mainly due to LAT of RM6.61 million recorded during the financial year.

For the FYE 2019, Bornoil Group recorded total borrowings of RM15.41 million against the FPE 2018 of RM6.69 million mainly due to the bank overdrafts and term loans of approximately RM8.97 million to facilitate the RSE business operations. The increase in the total borrowings had resulted in an increase in the gearing level to 0.02 times during the financial year against 0.01 times recorded during the FPE 2018.

#### **12-month FYE 30 June 2020 ("FYE 2020")**

For the FYE 2020, Bornoil Group recorded revenue of RM88.29 million, represents a decrease of approximately RM4.88 million or 5.24% as compared to the preceding FYE 2019 of RM93.17 million. The decrease in the revenue was mainly attributable to the decline in FFO revenue of approximately 50% as a result of the outbreak of COVID-19 and the delay in the project management of a construction of an Integrated Limestone Processing Plant ("ILPP") under PIM business segment due to MCO imposed by the Government of Malaysia. However, the decline in revenue was offset by the contribution from limestone sales during the financial year under review.

For the FYE 2020, Bornoil Group recorded PBT of RM4.06 million, represents a decrease of approximately RM1.23 million or 23.28% against the preceding FYE 2019 of RM5.30 million. The decrease was mainly attributable to the lower revenue recorded under PIM business segment due to MCO. In accordance with the profit recorded during the financial year under review, Bornoil Group recorded PAT of RM1.60 million for the FYE 2020.

For the FYE 2020, Bornoil Group recorded NA of RM671.81 million against the NA of RM673.48 million during the FYE 2019, mainly due to the decrease in Bornoil's reserves as a result of the Shares repurchase of 66,300,000 Shares retained as treasury shares during the financial period under review.

For the FYE 2020, Bornoil Group recorded total borrowings of RM16.16 million against the FYE 2019 of RM15.41 million mainly due to the bankers' acceptances and new term loans drawdown to facilitate FFO operations. Notwithstanding the increase in total borrowings, the gearing level was still at 0.02 times during the FYE 2020.

#### **3-month FPE 30 September 2020 ("FPE September 2020")**

For the FPE September 2020, Bornoil Group recorded revenue of RM12.04 million, which represents a decrease of approximately RM11.19 million or 48.17% as compared to the preceding 3-month FPE 30 September 2019 ("**FPE September 2019**") of RM23.23 million. The decrease in the revenue was mainly attributable to construction of an ILPP under PIM business segment which was put on hold due to the restricted entry of foreign nationals to Malaysia who possesses the prerequisite expertise to install the prefabricated plant equipment at the ILPP. However, the reduction in revenue was offset with the contribution from higher limestone sales during the financial period under review.

For the FPE September 2020, Bornoil Group recorded LBT of approximately RM5.11 million against the PBT of RM0.40 million recorded for the FPE September 2019. The LBT recorded was mainly due to lower revenue registered under PIM business segment and recognition of RM3.96 million share-based payment on ESOS Scheme which was offered during financial period under review.

## **5.2 Value creation and impact of the Proposed Subscription to Bornoil and our shareholders**

Bornoil Group has initiated several new business plans to expand our current business operations so as to adapt to the new business environment as a result of the COVID-19 pandemic. Part of the proceeds to be raised from the Proposed Subscription has been earmarked by Bornoil Group to fund the business expansion and/ or new investments plans specifically for our FFO business segment as highlighted in **Section 3** of this Circular, to further enhance the segmental performance in the near term. In addition, the proceeds raised from the Proposed Subscription will also be used to fund the immediate funding requirements of Bornoil Group's on-going gold exploration works.

Based on the Independent Reserves Assessment under the Australasian Code on Reporting of Exploration Results - Mineral Resources and Ore Reserves on 6 August 2020 at the Plant, Bornoil Group has been continuing with our exploration works on the other 7 zones and shall similarly assess the same under the JORC Report. The gold exploration works activity represents an opportunity for Bornoil Group to take advantage of the increasing gold prices and to enhance Bornoil Group's profitability in the near future.

Our Board is of the view that the Proposed Subscription is the most appropriate avenue of fundraising as the Proposed Subscription will enable Bornoil to raise the requisite funds to finance the aforementioned purposes without incurring interest costs as compared to conventional bank borrowings.

As compare to other equity fund raising alternatives for instance, a rights issue exercise, the Proposed Subscription is an expedient fund raising alternative as the monies will be credited immediately after the Subscription Notice being sent by Macquarie Bank to Bornoil. Further, the Proposed Subscription that may be implemented in tranches throughout the Subscription Period may accord Bornoil Group with a better flexibility in respect of financial management and allocations for our business operating requirements, as and when required.

Although the Proposed Subscription will result in a dilution to the existing shareholders' shareholding as a result of the issuance of new Shares to Macquarie Bank, the Proposed Subscription is expected to enlarge the issued share capital of Bornoil Group from approximately RM559.25 million to RM602.66 million and may increase the NA from approximately RM710.91 million to RM753.32 million (assuming full subscription of up to 1,205,827,550 Placement Shares by the Investor).

## **5.3 The adequacy of the Proposed Subscription in addressing Bornoil Group's financial concerns and steps taken to improve the financial condition of Bornoil Group**

Bornoil Group has been continuously looking for opportunities to improve our financial condition. Amongst the key steps taken to address Bornoil Group's financial concerns are set out below:-

- (i) cost rationalisation exercise which involves constant monitoring Bornoil Group's cost, identifying and restructuring the non-performing portfolios as well as rationalising the cost to improve efficiency of Bornoil Group; and
- (ii) identification and exploration of new commodities such as gold and other minerals from Bornoil Group's RSE business segment that could yield higher return.

As set out in **Section 5.1** of this Circular, we managed to turn around our financial position in FYE 2020, of which the revenue was mainly attributable to the higher sales of limestones. Further, Bornoil Group has been continuously identifying and carrying out assessments to further explore gold and/ or other new minerals which could potentially yield higher return in our own gold/ mining areas. Therefore, partial allocation of the proceeds raised from the Proposed Subscription has been earmarked to finance Bornoil Group's gold exploration works at the Plant.

Additionally, Bornoil Group has also allocated partial of the proceeds to be raised from the Proposed Subscription for our FFO business operation with the objective to expand the financial contribution from this business segment. The remaining of the gross proceeds are allocated to finance the general working capital of Bornoil Group, and thus allowing Bornoil Group to reserve our internally generated funds, which could otherwise be used for new expansion and/ or other new investment opportunities.

The injection of fresh capital through the Proposed Subscription will enable us to raise the requisite funds to meet our funding requirements to facilitate the implementation of the abovementioned intended proposed utilisation and at the same time, improve our financial resources for our working capital requirements in the near term. With the successful implementation of the Proposed Subscription and the utilisation of the proceeds for the intended purposes as mentioned in **Section 3** of this Circular, the Proposed Subscription is expected to contribute positively to the future earnings of Bornoil Group and thus, improving the financial performance of Bornoil Group moving forward.

Further, the allocation of the proceeds to be utilised for each component of the business expansion and/ or new investments is based on the priority in the order as highlighted in **Section 3** of this Circular. As such, should there be any shortfall to fund the said proposed utilisation in the future, Bornoil Group may consider to finance the aforesaid shortfall via our internally generated funds and/ or bank borrowings, subject to our Board's deliberation and absolute discretion according to the priority at the relevant point in time.

Premised on the above, and barring any unforeseen circumstances, our Board is of the view that the Proposed Subscription is the most appropriate avenue of fund raising at this juncture to address Bornoil Group's financing needs. Our Board will continue to monitor the market condition and will review the performance and progress of Bornoil Group.

*(Source: Management of Bornoil)*

## **6. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF BORNOIL GROUP**

### **6.1 Overview and outlook of the Malaysian economy**

In line with the reopening of the economy from earlier COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter of 2020 (2Q 2020: -17.1%). This recovery is seen across most economic sectors, particularly the manufacturing sector, which turned positive on account of strong electrical and electronics ("**E&E**") production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally adjusted basis, the economy turned around to register an expansion of 18.2% (2Q 2020: -16.5%).

Improvements in growth were recorded across most economic sectors, as the country transitioned from the Conditional Movement Control Order ("**MCO**") into the Recovery MCO.



Domestic demand recorded a smaller decline of 3.3% in the third quarter of 2020 (2Q 2020: -18.7%), driven by improvements in both consumption and investment activity. Household spending was mainly supported by gradual recovery in income conditions, while investment activity benefitted from the ease of containment measures. Net exports rebounded to record a positive growth of 21.9% (2Q 2020: -38.6%), driven by a larger improvement in exports vis-à-vis imports.

Private consumption recovered significantly from the trough in the second quarter to record a smaller contraction of 2.1% (2Q 2020: -18.5%). Household spending improved with further loosening of movement restrictions, while broad income conditions gradually recovered amid resumption of economic activities. Public consumption registered a higher growth of 6.9% (2Q 2020: 2.3%), benefitting from increased Government spending on supplies and services and faster expansion in emoluments.

Going into 2021, growth is expected to improve further, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market. The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy.

*(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)*

The Malaysian economy experienced the full impact of the COVID-19 pandemic in the second quarter of 2020, with the real gross domestic product ("**GDP**") contracting by 17.1%. The contraction was mainly attributed to the imposition of the MCO to contain the outbreak. Though affecting all sectors in the economy, the move was necessary to flatten the COVID-19 curve and save lives. Hence, the Government has announced several stimulus packages totalling RM305 billion to support both households and businesses. Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's GDP is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. With the bold and swift measures undertaken Malaysia has been recognised as one of the most successful countries in managing the socio-economic impact of the pandemic.

Domestic demand is expected to contract by 3% in 2020, with private and public sectors' spending declining by 3.2% and 2.1%, respectively. In the first half of 2020, domestic demand declined significantly by 7.7%, amid restricted movements to contain the COVID-19 pandemic. Nevertheless, the announcement of various stimulus packages and the gradual resumption of economic activities are expected to restore business and consumer confidence in the second half of the year. Hence, domestic demand is anticipated to turnaround to 1.5% during the period and expand further by 6.9% in 2021.

Private consumption declined by 6% during the first half of 2020, affected by the implementation of the MCO. However, household spending is anticipated to pick up during the second half of the year, on the back of various stimulus packages aimed at providing support to households and businesses. The measures include a moratorium on loan repayments, temporary optional reduction in employees' contributions to the Employees Provident Fund ("**EPF**") and discounts on electricity bill as well as low interest rates. As a result, private consumption is projected to rebound by 4.2% in the second half, cushioning overall consumption activities, which is expected to record a marginal decrease of 0.7% in 2020.

Private consumption is anticipated to increase by 7.1% in 2021, mainly supported by higher disposable income arising from buoyant domestic economic activities, stronger export earnings, accommodative financial stance, extension of tax relief on childcare and favourable stock market conditions. Better job prospects, following broader improvement in the economy and measures addressing employability, are also expected to contribute to household spending. Furthermore, the expected recovery in the tourism-related industries following tax incentives on domestic tourism expenses for households will also provide additional impetus to private sector spending. As the nation rapidly shifts towards adopting digitalisation, the broader availability of various e-commerce platforms and rollout of 5G technology will facilitate economic activities.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*

## **6.2 Overview and outlook of the mining industry in Malaysia**

Mining is one of the larger industries in Malaysia. Malaysia is blessed with various natural resources, including bauxite, clay, coal, copper, feldspar, gold, gravel, ilmenite, iron ore, kaolin, limestone, mica, monazite, sand, silica sand, struverite and tin. The value of the gross output of the mining sector in Malaysia in 2015 amounted to RM10,667.2 million (approx. USD 2,575.6 million).

One of the main minerals mined in Malaysia is gold. The majority of these gold deposits are found in the eastern states of Pahang, Kelantan and Terengganu.

Gold is an important resource and is commonly used in a wide variety of industries, such as jewellery, electronics, medicine, computers, etc. Further, gold is commonly traded as a commodity and is used as a form of investment. Accordingly, the gold mining sector in Malaysia is a lucrative foreign investment attraction.

*(Source: Article release entitled "Malaysia: Investment In The Gold Mining Sector In Malaysia" dated 27 July 2020, Sheba Gumis, <https://www.skrine.com/insights/newsletter/july-2020/investment-in-the-gold-mining-sector-in-malaysia>)*

Contraction in the mining sector eased considerably (-6.8%; 2Q 2020: -20.0%) as oil and natural gas production improved amid gradual recovery in external demand. The improvement is also supported by a smaller decline in the other mining segment as production resumed after the MCO period.

*(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)*

The mining sector recorded a double-digit contraction of 11% in the first half of 2020, affected by the slump in global demand due to business closures as well as the reduction in travel and transport activities. The sector was further weighed down by the temporary shutdowns of several oil and gas ("O&G") facilities for maintenance purposes. With the COVID-19 pandemic crushing demand. Storage facilities filled rapidly, and Brent crude oil price fell to its lowest level at United States Dollar ("USD") 17.32 per barrel ("pb") on 21 April 2020 before stabilising at about USD40 pb. The sector is expected to continue to decline in the second half of the year due to on-going maintenance works and bearish outlook, following economic and geopolitical uncertainties as well as trade tensions.

Against this backdrop, the mining sector is anticipated to contract by 7.8% in 2020. Nonetheless, the sector is expected to rebound by 4.1% in 2021, supported by the recovery in global demand for crude oil and condensate as well as liquified natural gas ("LNG"). Brent crude oil price is expected to improve in 2021 to an average of USD42 pb and recover to pre-pandemic level in the medium-term.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*



Gold prices have risen 8 percent since January 2020 but have fluctuated significantly as investor sentiment has evolved. Uncertainty and safe-haven flows have driven prices higher, although declines were seen in March (possibly reflecting gold sales to cover margin calls amid a broader market sell-off). Silver and platinum prices fell sharply in March and remained lower in April, dropping by as much as one-third, although with some recovery more recently.

Price declines were driven both by concerns about economic activity—silver and platinum prices correlate with industrial metals prices more closely than gold prices—as well as investor selling to meet margin calls. Since more than 40 percent of platinum demand is for catalytic converters, demand for platinum has also been affected by plunging automobile production. On the supply side, a 21-day stoppage at mines in South Africa—which produces over half of the world's platinum—gave some reprieve to prices.

*(Source: Commodity Markets Outlook April 2020, World Bank)*

The mining sector continued to register a contraction (-1.5%; 2018: -2.6%), as crude oil output was weighed down mainly by maintenance works and voluntary supply adjustments by PETRONAS. Nevertheless, the pace of the contraction in the sector eased, following the recovery in natural gas production from the pipeline disruptions in 2018.

Nonetheless, the Malaysian economy is expected to benefit from the projected improvement in global demand towards the end of the year, which will aid to lift growth in the export-oriented sectors. As risks from the pandemic subside, consumer sentiments can also be expected to gradually improve when travel restrictions are eased and tourism activities resume. In addition, production in the mining and agriculture sectors are projected to improve in the second half of the year amid the expected recovery from the supply disruptions. Malaysia's domestic growth prospects is therefore projected to improve towards the end of the year and subsequently in 2021.

*(Source: Economic and Monetary review 2019, Bank Negara Malaysia)*

### **6.3 Overview and outlook of the food services industry in Malaysia**

Activity in the services sector recovered substantially, with growth recording a smaller contraction of 4.0% (2Q 2020: -16.2%). The wholesale and retail trade subsector showed a marked improvement, with accelerated sales in the motor vehicles segment following the Sales and Services Tax (SST) exemptions, as well as better performance of the retail trade segment, supported by higher demand for necessities. The recovery, however, was weighed down by subdued spending on non-essential retail goods, such as durable goods and recreational activities. In addition, tourism activity remained weak due to continued closure of international borders, affecting key sub-sectors such as food and beverage and accommodation, as well as transport and storage. Nevertheless, relaxation on movement restrictions enabled resumption of domestic travel activity, and facilitated an incipient restoration of activity in these sub-sectors. Meanwhile, the finance and insurance sub-sector registered positive growth, supported by higher capital market activity, particularly from domestic retail participants, as well as higher net interest and fee income. In addition, growth in the information and communication sub-sector continued to improve amid higher demand for data communication services, particularly driven by the rise of remote working arrangements.

*(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)*

The services sector contracted by 6.7% in the first half of 2020 largely due to worldwide travel bans, domestic movement restrictions and quarantines, which severely affected the tourism-related subsectors and airlines. Among the subsectors that have been severely affected include wholesale and retail trade, food & beverages and accommodation, transportation and storage as well as real estate and business services. Nevertheless, the information and communication subsector expanded as online transactions increased significantly during the MCO. The services sector is expected to record a smaller decline of 1% in the second half of the year, reflecting the gradual resumption of economic activities. Overall, the sector is projected to contract by 3.7% in 2020 before rebounding by 7% in 2021. With the normalisation of economic activities in 2021, all subsectors are projected to record positive growth.

The food & beverages and accommodation subsector declined by 19.9% in the first half of 2020 due to stringent travel restrictions on movement and business operations. With a continuous drop in international tourist arrivals, the subsector is projected to contract by 7.3% in the second half of 2020. For the whole year, the subsector is anticipated to decline by 13.3%, mainly due to the sluggish performance of the accommodation segment following the significant drop in tourist arrivals. Nevertheless, an increase in demand for online food delivery and domestic tourism activities are expected to cushion the subsector.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*

The food-processing sector account for about 10% of Malaysia's manufacturing output. Processed food contributed about RM19.4 billion and are exported to more than 200 countries, while import value of processed food is amounted RM20.0 billion in 2018. Advances in processing technology have widened the usage of local raw materials, expanding the range of products and increasing the investment absorbing capacity in the food industry. Malaysia's population of 32.4 million with purchasing power (per capita RM42,937 or USD10,321) income exceeded in 2018. Lifestyle changes have led to an increase in the demand for convenience and health foods.

Exports of processed food recorded a positive growth indicating the increasing acceptance of Malaysia's food products in overseas market. This is contributed mainly by products such as cocoa and cocoa preparations, prepared cereals and flour preparations, processed seafood and dairy products. The Association of Southeast Asian Nations (ASEAN), with a population of over 654 million has a vast market potential to be tapped and Malaysia is poised to become a major exporter of processed food for this region. Investment opportunities abound in the food processing sector comprise of three thrust areas which are:-

#### Health Food/Functional Food

Malaysia is moving towards organic farming. Besides organic products, health foods include low caloric, fibre/nutrient enriched products, fruit juices and herbal products. New products using Malaysia's traditional herbs and resources are continuously being developed for Asian and global markets.

#### Convenience Food

Demand for convenience foods that can be prepared within minutes is a growing worldwide trend. Locally made convenience foods include frozen foods such as ready-to-eat meals, spiced fish and chicken, ethnic or traditional cuisine, instant powdered juice and retort pouch products. Malaysia is also in an excellent position to produce Asian recipes with convenience food technologies to meet the increasing global demand for specialty and ethnic foods.

## Food Ingredients

Functional ingredients, food flavours, additives, colouring, seasonings and palm oil-based additives are some of the products that have vast potential for further development to enhance Malaysia's presence in the developed markets in the USA, the UK, Japan and Australia. The quality of these products is backed by continuous nutritional research.

*(Source: Food Industry August 2019, Malaysian Investment Development Authority)*

### **6.4 The financial and operational impacts on Bornoil Group arising from COVID-19 outbreak**

The recent ongoing COVID-19 outbreak, which has led to the implementation of national lockdown policies in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual. The COVID-19 pandemic has affected us operationally and financially due to the movement restriction via MCO that has been enforced by our Government.

Pursuant to the MCO, our FFO and PIM business segments ("**Affected Businesses**") have not been spared from the MCO leading to the decline in FFO revenue of approximately 50% during the outbreak of COVID-19 for the FYE 30 June 2020 and delay in the commissioning of the project management of a construction of the ILPP under PIM business segment. Notwithstanding the aforesaid, the impact of COVID-19 on our RSE business performance for the FYE 30 June 2020 was marginal and our limestone quarry business recorded an increase in revenue mainly from the sales of limestone. Further details of our financial performance are set out in **Section 5.1** of this Circular.

Our Affected Businesses have, since the lifting of travel restriction and recovery MCO period, resumed operations and contributed earnings to our Group. Operationally, we have and will continue to keep our COVID-19 procedures onsite as per the standards required.

Moving forward, we expect to face challenges as a result from the implementation of local governments' new rules and requirements arising from the COVID-19 pandemic situation. Nevertheless, our Group expects our on-going projects under the PIM and RSE segments will continue to operate as planned.

Based on the above, we do not foresee that our Group's future financial performance would be adversely affected by the COVID-19 pandemic. However, there can be no assurance that any prolonged adverse development arising from MCO, COVID-19 and/or any other external factors (that may lead to the imposition of stop work orders on our projects) will not adversely affect the financial performance and operations of our Group.

### **6.5 Future prospects of Bornoil Group**

Bornoil Group expects challenges moving forward amidst the escalating COVID-19 pandemic and the uncertainties from the global economy.

As set out in **note 1, Section 3** of this Circular, Bornoil Group has initiated several new business strategies and plans to enhance our FFO business segment's performance. These include, amongst others, launching of SugarBun e-wallet platform, inventing and producing our new in-house chili sauce namely, Sabasco Premium Sabah Borneo, and the development of a stand-alone outlet to house all Bornoil Group's F&B products and brands. In view of the foregoing, our Board and management are optimistic about the financial contribution that may be accrued from the new business strategies and plans to Bornoil Group moving forward.

In respect of the PIM business segment, the expected date for commissioning of the ILPP has been delayed to third quarter of 2021 due to the COVID-19 pandemic that has resulted entry restriction of foreign nationals who possess the prerequisite expertise to install the prefabricated plant equipment at the ILPP to Malaysia. Notwithstanding the above, Bornoil Group will keep abreast of the latest development and the regulation in respect of the travel requirements to and from Malaysia and will take necessary procedures or measures available should the restrictions be uplifted.

In respect of RSE business segment, Bornoil Group has been continuously identifying and carrying out assessments to further explore gold and/ or other new minerals which could potentially yield higher return in our own gold/ mining areas. As a result, Bornoil Group, through our wholly-owned subsidiary, namely Borneo Oil & Gas Corporation Sdn Bhd, had on 13 August 2020, signed a Memorandum of Understanding ("MOU") with Minetech Construction Sdn Bhd for a proposed joint collaboration on the gold mining works at Mukim Keratong, Pahang, to explore higher grade of mining ore. This joint collaboration will enable the parties to the MOU to leverage on each other's experience and resources, in this project.

Notwithstanding the current economic condition, our Board and our management are of the view that barring any unforeseen circumstances, the new business strategies in place will improve the financial performance of Bornoil Group in the short to medium terms.

*(Source: Management of Bornoil)*

## 7. EFFECTS OF THE PROPOSED SUBSCRIPTION

### 7.1 Issued share capital

The pro forma effects of the Proposed Subscription (assuming full subscription of up to 1,205,827,550 Placement Shares) on the issued share capital of Bornoil are set out below:-

	No. of Shares	RM
Issued share capital as at the LPD	6,741,683,754	584,683,782
Less: Treasury shares	(405,126,000)	(25,431,096)
	<b>6,336,557,754</b>	<b>559,252,686</b>
No. of Placement Shares to be issued pursuant to the Proposed Subscription	1,205,827,550	43,409,792 <sup>*1</sup>
<b>Enlarged issued share capital</b>	<b>7,542,385,304</b>	<b>602,662,478</b>

**Note:-**

<sup>\*1</sup> Assuming 1,205,827,550 Placement Shares are issued at the indicative issue price of RM0.036 per Placement Share

## 7.2 NA per Share and gearing level

Based on the latest audited financial consolidated statements for the FYE 30 June 2020, the pro forma effects of the Proposed Subscription on the NA per Share and gearing level of Bornoil Group are set out in the following table:-

	FYE 30 June 2020 RM'000	Subsequent events up to the LPD <sup>*1</sup> RM'000	After the Proposed Subscription RM'000
Share capital	536,349	584,684	628,094 <sup>*2</sup>
Warrant reserve	93,441	93,441	93,441
Treasury shares	(16,200)	(25,431)	(25,431)
Other reserves	32	32	32
Retained earnings	58,186	58,186	57,186 <sup>*3</sup>
<b>Shareholders' fund/ NA</b>	<b>671,808</b>	<b>710,912</b>	<b>753,322</b>
No. of Shares in issue (000) (excluding treasury shares)	5,122,438	6,336,558	7,542,385
NA per Share (RM)	0.13	0.11	0.10
Total borrowings (RM'000)	16,164	16,164	16,164
Gearing ratio (times)	0.02	0.02	0.02

### Notes:-

<sup>\*1</sup> After adjusting for the following:-

- For the FYE 30 June 2020 up to the LPD, a total of 187,180,000 Shares were bought back by Bornoil. Therefore, as at the LPD, 405,126,000 treasury shares are retained by Bornoil;
- 400,000,000 options are fully exercised at RM0.0270 per option pursuant to Bornoil's existing ESOS Scheme;
- Issuance and listing of 329,000,000 Bornoil Shares at an issue price of RM0.0316 per Bornoil Share pursuant to the Placement I on 3 August 2020;
- Issuance and listing of 10,300,000 Bornoil Shares at an issue price of RM0.0373 per Bornoil Share pursuant to the Placement I on 11 August 2020;
- Issuance and listing of 242,000,000 Bornoil Shares at an issue price of RM0.0435 per Bornoil Share pursuant to the Placement I on 18 August 2020;
- Issuance and listing of 45,000,000 Bornoil Shares at an issue price of RM0.0536 per Bornoil Share pursuant to the Placement I on 11 September 2020; and
- 375,000,000 options are exercised at RM0.03684 per option pursuant to Bornoil's existing ESOS Scheme;

<sup>\*2</sup> Assuming 1,205,827,550 Placement Shares are issued at the indicative issue price of RM0.036 per Placement Share

<sup>\*3</sup> After deducting estimated expenses of approximately RM1.00 million in relation to the Proposed Subscription

### 7.3

#### Substantial shareholders' shareholdings

Purely for illustrative purpose, the pro forma effects of the Proposed Subscription on the substantial shareholders' shareholdings of Bornoil as set out below is based on the assumption that (i) 1,205,827,550 Placement Shares are fully subscribed by Macquarie Bank; (ii) the treasury shares will not be resold in the open market; and (iii) none of the Convertible Securities are converted into new Bornoil Shares prior to the completion of the Proposed Subscription, and the intention of Macquarie Bank not to become a Major Shareholder of Bornoil as set out in **Section 2.1** of this Circular:-

Substantial shareholders	Shareholding as at the LPD			After the Proposed Subscription		
	<-----Direct----->	<-----Indirect----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->	<-----Indirect----->
	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*2</sup>
Victoria Limited <sup>*3</sup>	1,265,408,250	19.97	-	-	1,265,408,250	16.78
Dato' Azahar Bin Rasul	-	-	1,265,408,250 <sup>*4</sup>	19.97	-	-
					1,265,408,250 <sup>*4</sup>	16.78

#### Notes:-

<sup>\*1</sup> Based on the issued Shares of 6,336,557,754 (excluding treasury shares)

<sup>\*2</sup> Based on the enlarged issued Shares of 7,542,385,304 (excluding treasury shares)

<sup>\*3</sup> The Bornoil Shares are held under Affin Hwang Nominees (Asing) Sdn Bhd (Pledged Securities Account for Lei Shing Hong Securities Limited), of which the ultimate beneficial owner is Victoria Limited

<sup>\*4</sup> Deemed interest by virtue of his substantial interest in Victoria Limited

The Proposed Subscription may have a dilutive effect on Bornoil's existing shareholders' shareholdings in Bornoil. However, the Proposed Subscription is expected to enlarge the share capital of Bornoil and increase our shareholders' funds.

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## 7.4 Earnings and EPS

The Proposed Subscription is not expected to have any material impact on the earnings of Bornoil Group for the FYE 30 June 2021. However, the EPS of Bornoil Group is expected to be diluted upon completion of the Proposed Subscription as a result of the increase in the number of Bornoil Shares in issue arising from the Proposed Subscription.

The Proposed Subscription is expected to contribute positively to the future earnings of Bornoil Group when the benefits from the utilisation of proceeds to be raised from the Proposed Subscription as set out in **Section 3** of this Circular are realised.

## 7.5 Convertible securities

As at the LPD, Bornoil has the following outstanding convertible securities:-

- (i) 1,734,679,850 Warrants C;
- (ii) 378,683,984 Warrant D; and
- (iii) 400,000,000 ESOS Options offered to the eligible employees of Bornoil Group pursuant to ESOS Scheme. The holders of the ESOS Options will have the rights to subscribe for new Bornoil Shares at an exercise price of RM0.03684 per Bornoil Share. The ESOS Scheme shall be in force for a period of 5 years from the implementation date of 22 June 2020. For shareholders information, as at the LPD, a total of 152,370,663 ESOS Options has not been offered by Bornoil. The unexercised ESOS Options will become null and void after the date of expiry on 20 June 2025.

Save for the said Convertible Securities, Bornoil does not have any other existing convertible securities as at the LPD.

No adjustments will be made to the respective exercise prices and number of outstanding Warrants C, Warrants D and ESOS Options pursuant to the Proposed Subscription.

## 8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Bornoil Shares as traded on Bursa Securities for the past 12 months from January 2020 to December 2020 are set out below:-

	High RM	Low RM
<b>2020</b>		
January	0.050	0.040
February	0.045	0.035
March	0.040	0.010
April	0.025	0.015
May	0.040	0.020
June	0.035	0.025
July	0.055	0.030
August	0.095	0.040
September	0.065	0.040
October	0.045	0.035
November	0.050	0.035
December	0.045	0.035

Last transacted market price of Bornoil Shares as at the LTD  
(being the latest trading day prior to the announcement on the Proposed Subscription) 0.045

Last transacted market price as at the LPD 0.040

(Source: Bloomberg)



## 9. APPROVALS REQUIRED/ OBTAINED

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

- (i) Bursa Securities, for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities, the approval of which has been obtained on 17 December 2020 subject to the following conditions:-

Conditions
a. Bornoil and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Subscription;
b. Bornoil is required to furnish Bursa Securities with a certified true copy of the resolution passed by its shareholders at a general meeting for the Proposed Subscription;
c. Bornoil and UOBKH are required to inform Bursa Securities upon completion of the Proposed Subscription; and
d. Bornoil is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Subscription is completed.



(ii) The shareholders of Bornoil for the Proposed Subscription at the EGM; and

(iii) Any other relevant authority, if required.

The Proposed Subscription is not conditional upon any other proposals undertaken or to be undertaken by Bornoil.

## 10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors and/ or major shareholders and/ or chief executive of Bornoil and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Subscription.

## 11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Subscription is expected to be completed by the first quarter of 2022, i.e. Subscription Expiry Date, being 12 months from Subscription Closing Date, which is a date within 2 months from the date of Subscription Agreement.

## 12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Subscription and Placement I, our Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

## 13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered and deliberated on the Proposed Subscription including the terms and conditions of the Subscription Agreement, rationale and pro forma effects of the Proposed Subscription to Bornoil Group, is of the opinion that the Proposed Subscription is in the best interest of Bornoil. Accordingly, our Board recommends that you **VOTE IN FAVOUR** for the resolution pertaining to the Proposed Subscription at the forthcoming EGM.



#### 14. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted through live streaming i.e. virtual meeting from the Broadcast Venue at Lot 27, Jalan Kolam, Luyang, 88300, Kota Kinabalu, Sabah on Monday, 25 January 2021 at 3.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Subscription.

Shareholders of the Company who appoint proxies to participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the EGM using Remote Participation and Voting Facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at <https://tiih.online> must ensure that the duly executed Proxy Form are deposited in a hard copy form or by electronic means to Registered Office of the Company by fax at 087-410515 or email to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com) not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited at Registered Office of Borneoil at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise, the Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative shall not be treated as valid. As an alternative, you may also submit the Proxy Form electronically via Tricor's **TIIH Online** website at <https://tiih.online> no later than Saturday, 23 January 2021 at 3.00 p.m. Please follow the Procedures for RPV in the Administrative Details for the EGM in order to participate remotely via RPV.

#### 15. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,  
For and on behalf of our Board  
**BORNEO OIL BERHAD**

**TAN KOK CHOR**  
Chairman/ Independent Non-Executive Director

## SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

The salient terms of the Subscription Agreement are as follows:-

### 1. Agreement and subscription of the Placement Shares

- (i) Subject to the terms and conditions of the Subscription Agreement and in consideration of the subscription by the Investor, Bornoil hereby grants to the Investor the right to subscribe of up to 1,205,827,550 Placement Shares ("**Subscription Total**").
- (ii) Each Placement Share may be subscribed by the Investor at any time on or before the Subscription Expiry Date (as defined herein). It is acknowledged and agreed between the parties to the Subscription Agreement that there may be more than one subscription notice issued by the Investor to Bornoil.
- (iii) Each Placement Share may be subscribed by the Investor issuing and delivering to Bornoil the subscription notice, each of which may be delivered in respect of any number of Placement Shares. Upon receipt of the subscription notice and the relevant placement payment amount, Bornoil shall be obliged to issue and allot to the Investor such number of Placement Shares based on the placement payment amount and the Subscription Price indicated in the subscription notice and received.

### 2. Subscription Price

- (i) the Subscription Price in respect of each Placement Share shall be an amount equal to 90.0% of the VWAP of Bornoil Shares as traded on Bursa Securities during the 5 consecutive trading days immediately preceding the relevant subscription notice date, calculated to 3 decimal places, rounded up. Crossing transactions and block trades (whether on-market or off-market) in Bornoil Shares shall be disregarded when calculating the VWAP.
- (ii) If the Subscription Price is less than the Floor Price, the Subscription Price for that subscription shall be equal to the Floor Price unless otherwise agreed between the parties to the Subscription Agreement. For avoidance of doubt, this means that the Subscription Price can never be lower than the Floor Price unless otherwise agreed between the parties to the Subscription Agreement.

### 3. Adjustments to the Placement Shares due to corporate actions

If Bornoil proposes to vary its total number of issued ordinary shares (whether by way of a capitalisation of profits or reserves, a consolidation, reduction, sub-division or conversion of Ordinary Shares or a rights issue, share placements or any other form of capital distribution), at any time prior to the Subscription Expiry Date (as defined herein), then the terms of the Placement Shares shall be adjusted accordingly in such manner to ensure that the economic value of those Placement Shares shall be the same after such variation of the total number of issued ordinary shares as it was immediately prior to such variation of the total number of issued ordinary shares. For avoidance of doubt, the quotation and listing of additional shares arising from any adjustment to the Placement Shares pursuant to corporate actions which results in the variation of Bornoil's total number of issued Shares are subject to the approval being obtained from Bursa Securities, where applicable.

#### 4. Conditions Precedent

The obligation of the Investor to effect completion of the issue of Placement Shares and completion of each subscription is subject to the conditions precedent that, as at the Subscription Closing Date, subscription notice date and (unless indicated below) on each subscription completion date respectively, the Investor is satisfied acting reasonably that, amongst others:-

- (i) it has conducted, and has notified Bornoil that it is satisfied with the results of, financial, legal, taxation and commercial investigations into Bornoil Group's business, assets and liabilities based on information and data, which are within the public domain and which are not materially price sensitive;
- (ii) it has obtained all necessary internal approvals to proceed with the transactions contemplated in this Subscription Agreement;
- (iii) each representation and warranty made by Bornoil in the transaction documents is true in all material respects as though it had been made at that date in respect of the facts and circumstances then subsisting;
- (iv) no Event of Default (as defined herein) subsists or will result from the relevant Subscription;
- (v) such resolution(s) as may be necessary to approve, implement and effect the transactions contemplated by the transaction documents (including but not limited to a resolution to authorise the directors of Bornoil to allot and issue the Placement Shares) have been passed at a duly convened general meeting of Bornoil;
- (vi) all Authorisations (as defined below) necessary:-
  - a) for the issue and delivery and listing of the Placement Shares; and
  - b) to approve, implement and effect the transactions contemplated by the transaction documents,

have been obtained or made and are all in full force and effect, provided that where any authorisation is subject to any conditions, such conditions being acceptable to the parties of the Subscription Agreement;

The "**Authorisations**" means (i) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption; or (ii) in relation to anything which will be fully or partly prohibited or restricted by law if a Government Agency (any government or any governmental, semi-governmental or judicial entity or authority. It also includes any self-regulatory organisation established under statute or any stock exchange including Bursa Securities) intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

- (vii) no admission document or prospectus is required under the Main Market Listing Requirements of Bursa Securities, the Capital Markets and Services Act 2007, the Act or otherwise by law or any government agency in respect of the Placement Shares other than those documents required in connection with the authorisations;
- (viii) the trading of Shares is not suspended by Bursa Securities and Bornoil has not received any notice threatening the tradability of Shares on Bursa Securities;
- (ix) it does not reasonably believe that it is in possession of material non-public information and Bornoil has not disclosed any such information to the Investor;
- (x) all filings related to the transaction has been duly completed; and

- (xi) there having been delivered to the Investor opinions as to Malaysian law, in form and substance satisfactory to the Investor, confirming the legality and enforceability of the transaction.

The "**Subscription Closing Date**" is the date on which all conditions precedent is declared satisfied or expressly waived by the Investor, provided that such a date shall not be later than 2 months from the date of the Subscription Agreement.

## **5. Payment for each subscription**

- (i) The subscription payment amount for each subscription shall be an amount equal to the Subscription Price multiplied by the number of Placement Shares, and shall be indicated in the subscription notice to be delivered by the Investor to Bornoil in connection with such subscription.
- (ii) On the same day as the subscription notice, the Investor shall cause the subscription payment amount to be remitted to and received by Bornoil's account.

## **6. Completion**

### **(i) Listing of Placement Shares**

For each subscription, Bornoil shall:-

- a) do all things:-
  - i. required by Securities Commission Malaysia or Bursa Securities or any law; or
  - ii. which is otherwise necessary or desirable (including to execute any document or to give any directions or instructions);to procure the delivery and listing of the Placement Shares;
- b) allot and issue the Placement Shares to the Investor or its nominee(s) by 11.30 a.m. on the Subscription Completion Date (as defined herein); and
- c) procure the delivery and listing of the Placement Shares on the Subscription Completion Date (as defined herein).

### **(ii) Subscription Completion Date**

Where the Investor has sent the relevant subscription notice and has made payment of the corresponding subscription payment amount (minus any fees or other payments set off or deducted as agreed between the parties to the Subscription Agreement) before 10.30 a.m. on the relevant subscription notice date, the Subscription Completion Date shall be the 2nd trading day after the subscription notice date. Where the relevant subscription notice is delivered by the investor and/ or the corresponding subscription payment is made after 10.30 a.m. on the relevant subscription notice date, the Subscription Completion Date shall be the 3rd trading date after the subscription notice date.

## **7. Subscription expiry date**

This Subscription Agreement shall, subject to necessary regulatory and shareholders' approvals being duly obtained and in force during the relevant period, expire on:-

- (i) the date, which is 12 months from the Subscription Closing Date; or

- (ii) or if the Subscription Agreement is terminated earlier, such earlier termination date

**"Subscription Expiry Date".**

On the Subscription Expiry Date, Bornoil's obligations to issue Placement Shares in respect of any subscription notice issued to Bornoil prior to the Subscription Expiry Date shall remain even if the Subscription Completion Date occurs after the Subscription Expiry Date to the extent permitted under law and the regulatory authorities.

**8. Subscription period**

The subscription period shall commence from and including the Subscription Closing Date to and excluding the Subscription Expiry Date.

**9. Committed Subscription**

Subject to the terms of the Subscription Agreement and the Subscription Total, Macquarie Bank subscribe to a minimum number of Placement Shares of at least 10% of the traded volume of Bornoil Shares on Bursa Securities on the Market Days on which the Bornoil Shares are traded on Bursa Securities without limitation or restriction at that time for the scheduled trading session ("**Trading Day(s)**") within the Subscription Period, excluding any Unqualified Trading Days (as defined herein).

The Committed Subscription shall be cancelled immediately if a termination notice is issued by the Investor or Bornoil for the termination of the Subscription Agreement.

**"Unqualified Trading Day"** means to a Trading Day on which any of the following events, as determined by the calculation agent (being Macquarie Bank), occur:-

- (i) where the traded price of the Bornoil Shares during any time of such Trading Day is either;
  - a) equal to or below 110% of the Floor Price; or
  - b) equal to or below 90% of the closing price on the preceding Trading Day;
- (ii) when a Market Disruption Event (as defined below) or a Disruption Event (as defined below) occurs or is continuing during any time of such Trading Day;

**"Market Disruption Event"** means (i) any suspension of or limitation imposed on trading by Bursa Securities or otherwise relating to the Shares or futures or options contracts relating to the Shares; (ii) any event that disrupts or impairs (as determined by the calculation agent, as agreed between the parties of the Subscription Agreement) the ability of market participants in general to effect transactions in or obtain market values for the Shares on Bursa Securities or futures or options contracts relating to the Shares on a futures or options exchange; or (iii) the closure of Bursa Securities prior to its scheduled closing time.

**"Disruption Event"** means any change, or any development involving a prospective change or any crisis in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, law, legal or monetary conditions, taxation or exchange controls or a combination of any such changes or development or crisis or deterioration thereof, or there subsists any status or any event has happened, which, as determined by the calculation agent, in any way affects the Investor's ability to subscribe for, settle or trade in the Shares, hedge its risks or any other financial or business risks in connection with the transactions contemplated in the Subscription Agreement or substantially increases the cost for such hedging, or makes it impossible or impracticable to transfer or remit USD out of Malaysia or convert RM into USD or obtain a firm quote for such conversion.

- (iii) when the traded volume of the Bornoil Shares on such Trading Day is 300% or more of the average traded volume of the immediately preceding 10 Trading Days;
- (iv) where there are Placement Shares that have not been delivered to the Investor's account in accordance with the terms of the Subscription Agreement;
- (v) where a subscription would (i) require the Investor to undertake a takeover offer for all or substantially all of the Shares and other securities that the Investor does not already hold in Bornoil under the Malaysian Code on Take-overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions or any other applicable law or regulations; or (ii) breach any foreign ownership limit imposed by the relevant authorities in Malaysia;
- (vi) when a Non-Subscription Period (as explained below) is in effect;
- (vii) when Bornoil breaches its obligation under the Subscription Agreement in relation to the disclosure of material non-public information to the Investor and such breach is continuing;
- (viii) any authorisation or shareholder approval necessary for the issue and delivery and listing of the Placement Shares is not in full force and effect, including where any conditions that such authorisation or approvals are subject to (if any) are not fulfilled or have been breached; or
- (ix) an Event of Default.

#### **10. Non-Subscription Period**

Bornoil may, with 3 Trading Days' notice, designate a Non-Subscription Period lasting up to 10 Trading Days, during which the Investor may not issue a Subscription Notice. Bornoil may designate up to 2 Non-Subscription Periods and there must be at least 10 Trading Days between the end of a Non-Subscription Period and the start of the next Non-Subscription Period. Bornoil may not declare a Non-Subscription Period during the Notice Period (as defined below) for the termination notice issued by Bornoil to the Investor for the termination of the Subscription Agreement.

#### **11. Events of Default**

An Event of Default is deemed to have occur if any of the following events or circumstances summarised below occurs (as determined by the calculation agent, being Macquarie Bank):-

- (i) Bornoil does not comply with any provision of the transaction documents, save that the failure to comply is in the opinion of Macquarie Bank, capable of remedy and is remedied within 10 business days of Macquarie Bank giving notice to Bornoil or Bornoil becoming aware of the failure to comply.
- (ii) Bornoil Shares (i) cease to be listed or (ii) are suspended from the official list of Bursa Securities or are otherwise not tradeable for a consecutive period of 5 Trading Days at any time during the term of the Subscription Agreement.
- (iii) A representation, warranty or statement in a transaction document, is or proves to have been incorrect or misleading in any material respect when made or repeated.
- (iv) An application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or other steps are taken with regards to administration, winding up, arrangements or insolvency (or any other analogous procedure or steps) of Bornoil or each other entity in Bornoil Group ("**Group Member**").

- (v) A Group Member suspends or threatens to cease or suspend the conduct of all or a substantial part of its business or disposes of or threatens to dispose of a substantial part of its assets.
- (vi) A Group Member is unable to pay its debts as they fall due or suspends or threatens to suspend payment of all or a class of its debts.
- (vii) The value of the assets of any Group Member is less than its liabilities (taking into account contingent and prospective liabilities).
- (viii) A security interest is enforced in respect of all or a material part of the assets of a Group Member.
- (ix) Any expropriation, attachment, sequestration, distress or execution affects any asset or any asset of a Group Member and is not discharged within 10 business days.
- (x) All or any substantial part of the assets of a Group Member is compulsorily acquired by or by order of a government agency or under law or a government agency orders the sale, vesting or divesting of all or any substantial part of the assets of a Group Member.
- (xi) A Group Member ceases or threatens to change the nature or scope of its business or cease to carry on all or a substantial part of its business.
- (xii) An authorisation or shareholder approval which is required for the performance by Bornoil of a transaction document and the transactions contemplated by them or the validity and enforceability of a transaction document, is repealed, revoked, or expires or is amended in a manner unacceptable to Macquarie Bank.
- (xiii) It is or becomes unlawful for a party to perform any obligation or to comply with any material term of a transaction document.
- (xiv) Any transaction document ceases for any reason to be the legal and valid obligation of that party or any person repudiates a transaction document to which it is a party.
- (xv) The occurrence of an event specified as an event of default in any other transaction document.
- (xvi) An event occurs which is, or a series of events occur which together are, likely to have a material adverse effect.
- (xvii) Any Disruption Event.
- (xviii) Any credit facility granted to any Group Member is withdrawn, terminated or suspended on account of a default by that Group Member.
- (xix) Bornoil makes an announcement to enter into any reorganisation, amalgamation, demerger, merger, takeover, or corporate reconstruction or scheme of compromise or arrangement that would affect its present constitution during the Subscription Period as to have a material impact on the validity or nature of, or rights attached to, the Placement Shares.
- (xx) Bornoil substantially changes or makes an announcement to substantially change the general nature of its business or Bornoil Group as a whole to an extent that Company and/ or Bornoil Group as whole is or would be materially and fundamentally transformed.



## **12. Termination**

### **(i) Termination by Bornoil**

Bornoil may terminate the Subscription Agreement by issuing a written notice to Macquarie Bank not less than 20 Trading Days prior to the termination taking effect ("**Notice Period**"). Macquarie Bank shall have the right to issue a Subscription Notice during the Notice Period. Bornoil may not declare a Non-Subscription Period during the Notice Period.

### **(ii) Termination by Macquarie Bank**

Macquarie Bank may immediately terminate the Subscription Agreement by written notice to Bornoil (i) following the occurrence of an Event of Default, (ii) if it is not reasonably satisfied with the results of its current investigations into Bornoil Group's affairs pursuant to the terms and conditions of the Subscription Agreement or (iii) if the VWAP of Shares as traded on Bursa Securities during 20 consecutive Trading Days immediately preceding any day within the term of the Subscription Agreement has fallen below the Floor Price.

### **(iii) Early Termination Fee**

Without prejudice to any other remedies that are available to Macquarie Bank pursuant to the Subscription Agreement or under general law, in the event that Bornoil:-

- a) fails to fulfil the Conditions Precedent (as set out above) or have them expressly waived by Macquarie Bank by 6 p.m. on the date falling 2 months from the date of the Subscription Agreement (or such other date to be mutually agreed between Bornoil and the Investor);
- b) unilaterally elects to terminate the Subscription Agreement prior to subscription of 20% of the Subscription Total unless such termination is by direct order of a court or a governmental or regulatory authority with competent jurisdiction; or
- c) does not perform its obligations under the Subscription Agreement or otherwise breaches any of the terms of the Subscription Agreement prior to 20% of the Subscription Total,

an early termination fee of RM200,000 shall be payable by Bornoil to Macquarie Bank no later than 15 calendar days after receiving a letter or notice of demand from Macquarie Bank. The early termination fee shall constitute reimbursement for the costs incurred by Macquarie Bank in connection with the transactions contemplated by the Subscription Agreement.

## **13. No Intention to nominate Board member**

The Investor represents that it is not the intention of the Investor to (i) nominate any person to the board; (ii) remove or replace any person from the Board; or (iii) to participate in the management of Bornoil. For the avoidance of doubt, the Investor is entitled to exercise its right as a shareholder to vote on any such resolutions for (i) and (ii) above as may be put forth by Bornoil.



**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. CONSENT**

UOBKH, being the Adviser and Placement Agent to Bornoil for the Proposed Subscription, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATION OF CONFLICT OF INTERESTS**

UOBKH has given their written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser and Placement Agent to Bornoil for the Proposed Subscription.

**4. MATERIAL LITIGATION**

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

**5. MATERIAL COMMITMENTS**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

**6. CONTINGENT LIABILITIES**

Save as disclosed below and as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group:-

	<b>RM'mil</b>
Guarantee provided to financial institutions on behalf of our subsidiaries	84.40
<b>Total</b>	<b>84.40</b>

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Bornoil at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Our Constitution;
- ii. Audited consolidated financial statements of our Group for the past 2 years up to the FYE 30 June 2020 and the latest unaudited quarterly report of our Group for the 3-month FPE 30 September 2020;
- iii. Subscription Agreement; and
- iv. The letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above, respectively.

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**BORNEO OIL BERHAD**

Registration No. 198901005309 (121919-H)  
(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Borneo Oil Berhad ("**Bornoil**" or the "**Company**") will be conducted through live streaming i.e. virtual meeting from the Broadcast Venue at Lot 27, Jalan Kolam, Luyang, 88300, Kota Kinabalu, Sabah on Monday, 25 January 2021 at 3.00 p.m., for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

**ORDINARY RESOLUTION**

**PROPOSED SUBSCRIPTION OF UP TO 1,205,827,550 NEW ORDINARY SHARES IN BORNOIL ("BORNOIL SHARE(S)" OR "SHARE(S)") BY MACQUARIE BANK LIMITED ("PROPOSED SUBSCRIPTION")**

**"THAT** subject to the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of up to 1,205,827,550 Bornoil Shares ("**Placement Share(s)**") on the Main Market of Bursa Securities and all the requisite consents and/ or approvals for the relevant authorities and/ or parties being obtained, approval be and is hereby given to the Board of Directors of Bornoil ("**Board**") to allot and issue the Placement Shares at an issue price in accordance with all the terms and conditions as stipulated in the subscription agreement dated 17 November 2020 executed between Macquarie Bank Limited and Bornoil ("**Subscription Agreement**") ("**Proposed Subscription**");

**THAT** approval be and is hereby given for Bornoil to utilise the proceeds from the Proposed Subscription for the purposes as set out in the circular to shareholders dated 8 January 2021, and the Board be and is hereby authorised with full powers to vary the manner and/ or purpose of the utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit, necessary, expedient and/ or appropriate and in the best interest of Bornoil, subject to the approvals of relevant authorities, where required;

**THAT** the Placement Shares will, upon allotment and issuance, rank equally in all respects with the then existing Bornoil Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares;

**THAT** the Board be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as the Board may consider necessary or expedient, and to take all such necessary steps to give effect to the Proposed Subscription and the Subscription Agreement with full powers to consent to and to adopt such conditions, variations, modifications and/ or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Subscription or as the Board may deem necessary or expedient, and to deal with all matters incidental, ancillary to and/ or relating thereto and to take such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Subscription pursuant to the terms and conditions of the Subscription Agreement in the best interest of Bornoil;

**AND THAT** this resolution constitutes a specific approval for the allotment and issuance of securities in Borneoil contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Subscription have been duly allotted and issued in accordance with the terms of the Proposed Subscription."

## **By Order of the Board**

**CHIN SIEW KIM (SSM PRACTICING CERTIFICATE NO. 202008004110) (L.S. 0000982)**  
**ANDREA HUONG JIA MEI (SSM PRACTICING CERTIFICATE NO. 202008003125) (MIA 36347)**  
Company Secretaries

Labuan F.T.  
8 January 2021

### **Notes:-**

#### **1. IMPORTANT NOTICE**

*The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which requires the Chairman of the EGM to be present at the main venue of the EGM.*

#### **2. Shareholders/proxies **WILL NOT BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the EGM.**

#### **3. Shareholders of the Company are to participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the EGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for Remote Participation and Voting Facilities ("**RPV**") provided in the Administrative Details for the EGM and read the notes below in order to participate remotely via RPV.**

#### **4. A shareholder of the Company who is entitled to participate, speak and vote at the EGM via RPV is entitled to appoint one (1) or more proxies to participate, speak and vote in his/ her stead. Where a shareholder appoints more than one (1) proxy in relation to the EGM, the appointments shall be invalid unless he/ she specifies the proportions of his/ her holding to be represented by each proxy. The proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the EGM shall have the same rights as the Shareholder to speak at the EGM.**

#### **5. Shareholders of the Company may submit questions to the Board prior to the EGM via Tricor's **TIIH Online** website at <https://tiih.online> by selecting "**e-Services**" to login, pose and submit questions electronically no later than **Saturday, 23 January 2021 at 3.00 p.m.** or to use the query box to transmit questions to the Chairman/ Board via RPV during live streaming.**

#### **6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.**

#### **7. A shareholder of the Company who has appointed a proxy or attorney or authorised representative to participate, speak and vote at this EGM via RPV must request his/ her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the EGM.**

#### **8. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote:**

##### **(i) By electronic form**

*The proxy form can be submitted via fax at: 087-410515 or email to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com) or by electronically lodged.*

##### **(ii) Online via **TIIH Online****

*Register via **TIIH Online** website at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via **TIIH Online**.*

##### **(iii) In hard copy form**

*In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Registered Office of the Company at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan.*

9. *Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.*
10. *Last date and time for lodging the Proxy Form is **Saturday, 23 January 2021 at 3.00 p.m.***
11. *Any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited with the Registered Office of the Company at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
12. *For the purpose of determining a shareholder who shall be entitled to participate in the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at **18 January 2021**. Only a depositor whose name appears therein shall be be entitled to participate the said EGM or appoint a proxy to participate and/ or vote on his/ her stead.*

**PERSONAL DATA PRIVACY:-**

*By submitting an instrument appointing a proxy(ies) and/ or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 8 January 2021.*

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**BORNEO OIL BERHAD**  
Registration No. 198901005309 (121919-H)  
(Incorporated in Malaysia)

#### **ADMINISTRATIVE DETAILS**

#### **EXTRAORDINARY GENERAL MEETING OF BORNEO OIL BERHAD**

**Date** : **Monday, 25 January 2021**  
**Time** : **3.00 p.m.**  
**Broadcast Venue** : **Lot 27, Jalan Kolam, Luyang, 88300 Kota Kinabalu, Sabah**

#### **MODE OF MEETING**

In view of the COVID-19 outbreak and as part of the safety measures, the Extraordinary General Meeting ("**EGM**") of Borneo Oil Berhad ("**Bornoil**" or the "**Company**") will be conducted through live streaming i.e. virtual meeting from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) ("**Guidance Note**").

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which requires the Chairman of the EGM to be present at the main venue of the EGM. Shareholders/ proxies **WILL NOT BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the EGM.

#### **REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")**

Shareholders of the Company are to participate, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote remotely using RPV at the EGM provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at <https://tiih.online>.

Shareholders of the Company who appoint proxies to participate the EGM via RPV must ensure that the duly executed Proxy Form are deposited in a hard copy form or by electronic means to Registered Office of the Company by fax at 087-410515 or email to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com) no later than **Saturday, 23 January 2021 at 3.00 p.m.**

Corporate representatives of corporate shareholders of the Company must deposit their duly certified certificate of appointment of corporate representative to Registered Office of the Company by fax at 087-410515 or e-mail to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com) not later than **Saturday, 23 January 2021 at 3.00 p.m.** to participate the EGM via RPV.

Attorneys appointed by power of attorney are to deposit their power of attorney with Registered Office of the Company by fax at 087-410515 or e-mail to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com) not later than **Saturday, 23 January 2021 at 3.00 p.m.** to participate the EGM via RPV.

**A shareholder of the Company, who has appointed a proxy or attorney or authorised representative to participate the EGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

As the EGM of Bornoil is a virtual EGM, shareholders of the Company who are unable to participate in this EGM may appoint the Chairman of the EGM as his/her proxy and indicate the voting instructions in the Proxy Form.

## PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the EGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
<b>BEFORE THE DAY OF EGM</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your request	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Friday, 8 January 2021 until the day of EGM on Monday, 25 January 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to register or ascertain their eligibility to participate in the EGM using the RPV.</b></li> <li>Login with your user ID and password and select the corporate event: <b>"(REGISTRATION) BORNOIL EGM 2021"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select "Register for Remote Participation and Voting".</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>18 January 2021</b>, the system will send you an <b>e-mail to approve or reject</b> your registration for remote participation.</li> </ul>
<b>ON THE DAY OF THE EGM (25 JANUARY 2021)</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the EGM at any time from 2.30 p.m. i.e. 30 minutes before the commencement of the EGM on <b>Monday, 25 January 2021 at 3.00 p.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>"(LIVE STREAM MEETING) BORNOIL EGM 2021"</b> to engage in the proceedings of the EGM remotely.</li> <li>The Chairman/Board will endeavor to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the EGM.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 3.00 p.m. on Monday, 25 January 2021</b> until a time when the Chairman announces the completion of the voting session of the EGM.</li> <li>Select the corporate event: <b>"(REMOTE VOTING) BORNOIL EGM 2021"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.</li> </ul>



#### Note to users of the RPV:

1. Should your application to join the EGM be approved, we will make available to you the rights to join the live streamed EGM and to vote remotely. Your login to TIIH Online on the day of EGM will indicate your presence at the virtual EGM.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed EGM or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

#### NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the EGM since the EGM is being conducted on a virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

#### GENERAL MEETING'S RECORD OF DEPOSITORS ("ROD")

- Only a depositor whose name appears on the ROD as at **18 January 2021** shall be entitled to participate, speak and vote at the EGM or appoint proxies to participate and/or vote on his/her behalf.

#### PROXY

- The EGM will be conducted via virtual EGM, if you are unable to attend the EGM via RPV on 25 January 2021, you may appoint the Chairman of the EGM as proxy and indicate the voting instructions in the Proxy Form.
- You may submit your Proxy Form to Registered Office of the Company by fax at 087-410515 or e-mail to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com). The Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited at Registered Office of the Company at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise, the Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative shall **not** be treated as valid.
- As an alternative, you may submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than **Saturday, 23 January 2021 at 3.00 p.m.** Please read and follow the procedures to submit Proxy Form electronically as set out below.

#### Poll Voting

- The Voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting and Leou Associates PLT as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the EGM at 3.00 p.m. but before the end of the voting session which will be announced by the Chairman of the EGM. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.

- Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

## ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your Proxy Form electronically via Tricor's TIH Online website are summarised below:

	Procedure	Action
(a)	Register as a User with TIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiah.online">https://tiah.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIH Online, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• After the release of the Notice of EGM by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: <b>"BORNOIL EGM 2021 – Submission of Proxy Form"</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print Proxy Form for your record.</li> </ul>

## PRE-EGM SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders of the Company may submit questions for the Board prior to the EGM via Tricor's **TIH Online** website at <https://tiah.online> by selecting "e-Services" to login, pose and submit questions electronically no later than **Saturday, 23 January 2021 at 3.00 p.m.** The Board will endeavour to answer the questions received at the EGM.

## RECORDING OR PHOTOGRAPHY

Strictly **NO unauthorised recording or photography** of the proceedings of the EGM.

## ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

### Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

Contact persons : Ms. Vivien Khoh : +603-2783 9091 / Email : [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)

: Mr. Alven Lai : +603-2783 9283 / Email : [Siew.Wai.Lai@my.tricorglobal.com](mailto:Siew.Wai.Lai@my.tricorglobal.com)



**BORNEO OIL BERHAD**  
Registration No. 198901005309 (121919-H)  
(Incorporated in Malaysia)

## Proxy Form

No. of shares held	
CDS Number	

\*I/We \_\_\_\_\_ \*NRIC No./ Registration No. \_\_\_\_\_  
of \_\_\_\_\_

email address \_\_\_\_\_ Mobile No. \_\_\_\_\_

being \*a member/members of BORNEO OIL BERHAD (Reg. No: 198901005309 (121919-H)) hereby appoint \_\_\_\_\_

\_\_\_\_\_ \*NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_

email address \_\_\_\_\_ Mobile No. \_\_\_\_\_

And/ or \_\_\_\_\_ \*NRIC No./ Passport No. \_\_\_\_\_

of \_\_\_\_\_

email address \_\_\_\_\_ Mobile No. \_\_\_\_\_

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy/ proxies to participate, speak and vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of Borneo Oil Berhad ("Company") ("EGM") to be conducted through live streaming from the Broadcast Venue at Lot 27, Jalan Kolam, 88300 Kota Kinabalu, Sabah on Monday, 25 January 2021 at 3.00 p.m.

\*My/ our proxy is to vote as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	PROPOSED SUBSCRIPTION		

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

• Strike out whichever is not desired

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

Contact Number: \_\_\_\_\_

### Notes:-

#### 1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which requires the Chairman of the EGM to be present at the main venue of the EGM.

2. Shareholders/proxies **WILL NOT BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the EGM.

3. Shareholders of the Company are to participate, speak (including posing questions to the Board of Directors of the Company ("Board")) via real time submission of typed texts) and vote remotely at the EGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for Remote Participation and Voting Facilities ("RPV") provided in the Administrative Details for the EGM and read the notes below in order to participate remotely via RPV.

4. A shareholder of the Company who is entitled to participate, speak and vote at the EGM via RPV is entitled to appoint one (1) or more proxies to participate, speak and vote in his/ her stead. Where a shareholder appoints more than one (1) proxy in relation to the EGM, the appointments shall be invalid unless he/ she specifies the proportions of his/ her holding to be represented by each proxy. The proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the EGM shall have the same rights as the Shareholder to speak at the EGM.

5. Shareholders of the Company may submit questions to the Board prior to the EGM via Tricor's **TIIH Online** website at <https://tiih.online> by selecting "e-Services" to login, pose and submit questions electronically no later than **Saturday, 23 January 2021 at 3.00 p.m.** or to use the query box to transmit questions to the Chairman/ Board via RPV during live streaming.



6. *Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *A shareholder of the Company who has appointed a proxy or attorney or authorised representative to participate, speak and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the EGM.*
8. *The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote:*
  - (i) *By electronic form*  
*The proxy form can be submitted via fax at: 087-410515 or email to [borneo.re20@gmail.com](mailto:borneo.re20@gmail.com) or by electronically lodged.*
  - (ii) *Online via TIIH Online*  
*Register via **TIIH Online** website at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.*
  - (iii) *In hard copy form*  
*In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Registered Office of the Company at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan.*
9. *Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.*
10. *Last date and time for lodging the Proxy Form is **Saturday, 23 January 2021 at 3.00 p.m.***
11. *Any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited with the Registered Office of the Company at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
12. *For the purpose of determining a shareholder who shall be entitled to participate in the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at **18 January 2021**. Only a depositor whose name appears therein shall be be entitled to participate the said EGM or appoint a proxy to participate and/ or vote on his/ her stead.*

**PERSONAL DATA PRIVACY:-**

*By submitting an instrument appointing a proxy(ies) and/ or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 8 January 2021.*

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

*THE COMPANY SECRETARY*  
**BORNEO OIL BERHAD**  
**Registration No. 198901005309 (121919-H)**  
1st & 2nd Floor,  
Victoria Point,  
Jalan OKK Awang Besar,  
87007 W.P. Labuan

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