

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

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Main 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 Friday, 5 June 2020 at 11.00 a.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 TIH 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. 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 TIH Online website at <https://tiih.online> no later than Wednesday, 3 June 2020 at 11.00 a.m.

Last date and time for lodging the Proxy Form : Wednesday, 3 June 2020 at 11.00 a.m.
Date and time of the EGM : Friday, 5 June 2020 at 11.00 a.m.

This Circular is dated 22 May 2020

DEFINITIONS

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

"Act"	:	The Companies Act 2016, as amended from time to time including any re-enactment thereof
"Board"	:	The 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 22 May 2020 in relation to the Proposals
"Convertible Securities"	:	Warrants C and Warrants D, 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
"Effective Date"	:	The implementation date of the Proposed New ESOS, which is also a date on which all relevant requirements of Chapter 6 of the Listing Requirements are fully complied with, including the approvals and/ or conditions referred to in New ESOS By-Laws thereof having been obtained and/ or complied with
"EGM"	:	Extraordinary General Meeting of the Company
"Eligible Person(s)"	:	Director(s) and/ or employee(s) of Bornoil and its subsidiaries, which are not dormant, who meet the criteria of eligibility for participation in the Proposed New ESOS in the manner as indicated in the New ESOS By-Laws
"EPS"	:	Earnings per Share
"ESOS"	:	Employees' share option scheme
"ESOS Committee"	:	A committee appointed by the Board to administer the New ESOS
"Existing ESOS"	:	Bornoil's Existing ESOS, which was implemented on the Existing ESOS Effective Date until the Existing Expiry Date

DEFINITIONS (CONT'D)

"Existing Law(s)"	ESOS By-	:	Existing by-law(s) governing the Existing ESOS
"Existing Effective Date"	ESOS	:	1 August 2017, being the implementation date of the Existing ESOS
"Existing Option(s)"	ESOS	:	Existing ESOS option(s) that had been fully exercised at the exercise price of RM0.09 per Existing ESOS Option
"Existing Expiry Date"		:	31 July 2022, being the expiry date of the Existing ESOS
"FYE"		:	Financial year ended/ ending
"Listing Requirements"		:	Main Market Listing Requirements of Bursa Securities
"LPD"		:	14 May 2020, being the latest practicable date prior to the printing and dispatch of this Circular
"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
"MFRS 2"		:	Malaysian Financial Reporting Standard 2 on Share-based Payment as issued by the Malaysian Accounting Standard Board
"Maximum Scenario"		:	Assuming all the 217,946,000 treasury shares are resold and all the Convertible Securities are fully exercised prior to the implementation of the Proposed New ESOS
"Minimum Scenario"		:	Assuming all the 217,946,000 treasury shares are retained and none of the Convertible Securities are exercised prior to the implementation of the Proposed New ESOS
"NA"		:	Net assets attributable to the owners of the Company
"New ESOS"		:	New ESOS pursuant to the Proposed New ESOS
"New ESOS By-Law(s)"		:	The rules, terms and conditions of the New ESOS (a draft of which, is set out in Appendix I of this Circular)
"New ESOS Option(s)"		:	New ESOS option(s) to be granted pursuant to the Proposed New ESOS
"Proposals"		:	The Proposed Termination of Existing ESOS and the Proposed New ESOS, collectively
"Proposed New ESOS"		:	Proposed establishment of new ESOS of up to 15% of the total number of issued Shares (excluding treasury shares) at any point in time over the duration of the New ESOS to Eligible Persons
"Proposed Termination of Existing ESOS"		:	Proposed termination of the Existing ESOS
"RM" and "sen"		:	Ringgit Malaysia and sen, respectively
"UOBKH" or the "Main Adviser"		:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))

DEFINITIONS (CONT'D)

"VWAP"	: Volume weighted average market price
"Warrant(s) C"	: 1,734,679,850 outstanding warrants 2015/ 2025 in the Company 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 the Company 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 attend, 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.

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
Summary of the Proposals	<p>➤ We proposed to undertake the following:-</p> <p>(i) termination of Existing ESOS; and</p> <p>(ii) an establishment of New ESOS of up to 15% of the total number of issued Shares (excluding treasury shares) at any point in time over the duration of the New ESOS to Eligible Persons.</p>	Section 2
Rationale and justifications for the Proposals	<p>➤ <u>Proposed Termination of Existing ESOS</u></p> <p>Since the Existing ESOS Effective Date up to the LPD, our Company had granted Existing ESOS Options, representing a total of approximately 14.60% of the total number of Bornoil Shares (excluding treasury shares) in issue as at the LPD, and the said Existing ESOS Options had been fully exercised at the exercise price of RM0.09 per Existing ESOS Option. As it is not the intention of our Board to grant any further Existing ESOS Options under the Existing ESOS, our Board proposed to undertake the Proposed Termination of Existing ESOS, which is in accordance with the Existing ESOS By-Laws (subject to compliance with the requirements of the relevant authorities, our Company may establish a new share option scheme after the expiry of the Existing ESOS or if the Existing ESOS has been terminated during its duration).</p> <p>➤ <u>Proposed New ESOS</u></p> <p>The Proposed New ESOS is intended to replace the Existing ESOS of which our Board has no intention to grant any further Existing ESOS Options under the Existing ESOS.</p> <p>Further, the Proposed New ESOS will also enable us to recognise and reward the Eligible Persons, to attract prospective employees with relevant skills and experience to our Group, to foster the Eligible Persons' sense of loyalty and belonging to our Group by enabling them to participate directly in the equity of Bornoil.</p>	Section 3
Conditionality	<p>➤ The Proposed New ESOS is conditional upon the Proposed Termination of Existing ESOS. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by us.</p>	Section 6
Interested parties and any conflict of interest from the Proposals	<p>➤ None of our Directors and/ or major shareholders and/ or person(s) connected with them have any interest, directly or indirectly, in the Proposals. Notwithstanding the above, all of our Directors are eligible to participate in the Proposed New ESOS, and are therefore deemed interested to the extent of their respective proposed allocation under the Proposed New ESOS. Accordingly, all of our Directors will abstained and will continue to abstain from deliberating and voting for the Proposed New ESOS at the relevant Board meeting(s), and will undertake to ensure that person(s) connected with them will abstain from voting in respect of their direct and/ or indirect shareholdings in Bornoil, if any, on the resolutions pertaining to the Proposed New ESOS at the forthcoming EGM.</p>	Section 7 and Appendix II

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Interested parties and any conflict of interest from the Proposals (cont'd)	➤ UOBKH is an independent party, which has no conflicts of interest or potential conflicts of interest arising from its role as the Main Adviser for the Proposals.	Section 7 and Appendix II
Approvals required	➤ According to the Existing ESOS By-Law 25, neither Bursa Securities' approval nor your approval is required for the Proposed Termination of Existing ESOS. ➤ The Proposed New ESOS is subject to the following approvals being obtained:- (i) Bursa Securities, which was obtained on 17 April 2020, the details of which are set out in Section 6 of this Circular; (ii) Our shareholders at the forthcoming EGM; and (iii) Any other relevant authority and/ or third parties, if required.	Section 6
Board's recommendation	➤ Our Board recommends that you VOTE IN FAVOUR for the resolutions pertaining to the Proposed New ESOS, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.	Section 10

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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

22 May 2020

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,

I. PROPOSED TERMINATION OF EXISTING ESOS; AND

II. PROPOSED NEW ESOS

1. INTRODUCTION

On 12 March 2020, UOBKH had, on behalf of our Board, announced that we proposed to undertake the following:-

- (i) termination of Existing ESOS; and
- (ii) an establishment of New ESOS of up to 15% of the total number of issued Shares (excluding treasury shares) at any point in time over the duration of the New ESOS for the Eligible Persons.

On 20 April 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 17 April 2020, resolved to approve the listing and quotation for such number of Bornoil Shares, representing up to 15% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 6** of this Circular.

On 5 May 2020, UOBKH had, on behalf of our Board, submitted an application to Bursa Securities to seek for an extension of time for Bornoil to issue the Circular to our shareholders. Subsequently, Bursa Securities had vide its letter dated 15 May 2020, resolved to approve the extension of time of up to 27 May 2020 for Bornoil to issue the Circular to our shareholders.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED NEW ESOS 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 RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED NEW ESOS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED TERMINATION OF EXISTING ESOS

On 1 August 2017, we have implemented the Existing ESOS entailed the issuance of up to 15% of the total number of issued Shares (excluding treasury shares). The Existing ESOS is effective for a period of 5 years and shall expire on 31 July 2022 in accordance with the Existing ESOS By-Laws.

Since the Existing ESOS Effective Date up to the LPD, our Company had granted a total of 747,966,000 ESOS Options, representing approximately 14.60% of the total number of 5,122,437,754 Bornoil Shares (excluding 217,946,000 treasury shares) in issue as at the LPD. As at the LPD, all 747,966,000 Existing ESOS Options were exercised at the exercise price of RM0.09 per Existing ESOS Option. Our Company does not intend to grant any further Existing ESOS Options under the Existing ESOS.

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

According to the Existing ESOS By-Law 25.2, our Company may at any time during the duration of the Existing ESOS, terminate the Existing ESOS and shall immediately announce to Bursa Securities on the followings:-

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

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

2.2 PROPOSED NEW ESOS

The Proposed New ESOS will be established after the Proposed Termination of Existing ESOS takes effect. The Proposed New ESOS involves our Company granting of New ESOS Options to the Eligible Persons to subscribe for new Bornoil Shares at a specified price to be determined in the manner set out in **Section 2.2.5** of this Circular.

The Proposed New ESOS will be administered by the ESOS Committee, who will have the absolute discretion in administering the Proposed New ESOS as it may deem fit, in accordance with the provisions as set out in the New ESOS By-Laws. The decision as to whether the allocation of the New ESOS Options will be granted on staggered basis over the duration of the Proposed New ESOS shall be determined by the ESOS Committee at a later date.

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

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

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

2.2.2 Basis of allotment and maximum allowable allotment

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

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

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

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his/ her own allocation of the New ESOS Options or person(s) connected with him/ her.

The ESOS Committee has the discretion to determine whether the ESOS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting conditions are subject to performance target. As at the date of this Circular, we have yet to determine any specific performance targets, which are required to be achieved before the exercise of New ESOS Options by an Eligible Person. The ESOS Committee has the discretion to determine whether the Eligible Person is required to achieve any specific performance target(s) before he/ she may exercise the New ESOS Options granted to him/ her. Any such performance target(s) if set, shall be stated in the offer letter to the Eligible Person.

2.2.3 Eligibility

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

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

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

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

2.2.4 Duration

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

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

2.2.5 Basis of determining the subscription price

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

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

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

2.2.7 Holding of Bornoil Shares

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

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

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

Bursa Securities had vide its letter dated 17 April 2020, approved the listing and quotation for such number of new Bornoil Shares, representing up to 15.0% of the total number of Bornoil Shares (excluding treasury shares) to be issued arising from the exercise of the New ESOS Options on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 6** of this Circular.

2.2.9 Utilisation of proceeds

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

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

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

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

3.1 Proposed Termination of Existing ESOS

As mentioned in **Section 2.1** of this Circular, all 747,966,000 Existing ESOS Options, representing approximately 14.60% of the total number of 5,122,437,754 Bornoil Shares in issue (excluding 217,946,000 treasury shares), had been fully exercised at the exercise price of RM0.09 per Existing ESOS Option as at the LPD.

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

As it is not the intention of our Board to grant any further Existing ESOS Options under the Existing ESOS, Bornoil proposes to terminate the Existing ESOS in conjunction with undertaking the Proposed New ESOS.

3.2 Proposed New ESOS

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

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

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

4. EFFECTS OF THE PROPOSALS

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

As at the LPD, the total issued share capital of Bornoil was RM536,349,192 comprising 5,340,383,754 Bornoil Shares (including 217,946,000 treasury shares). In addition, as at the LPD, Bornoil has the following convertible securities:-

- (i) 1,734,679,850 Warrants C; and
- (ii) 378,683,984 Warrants D.

4.1 Issued share capital

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

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	5,340,383,754	536,349,192	5,340,383,754	536,349,192
Less: Treasury shares	(217,946,000)	(16,205,052)	-	-
	5,122,437,754	520,144,140	5,340,383,754	536,349,192
Assuming full exercise of Warrants C	-	-	1,734,679,850	121,427,590 ^{*1}
Assuming full exercise of Warrants D	-	-	378,683,984	26,507,879 ^{*2}
	5,122,437,754	520,144,140	7,453,747,588	684,284,661
Assuming full exercise of the New ESOS Options	768,365,663 ^{*3}	16,980,881 ^{*4}	1,118,062,138 ^{*3}	24,709,173 ^{*4}
Enlarged issued share capital	5,890,803,417	537,125,021	8,571,809,726	708,993,834

Notes:-

^{*1} Computed based on the exercise price of RM0.07 per Warrant C

^{*2} Computed based on the exercise price of RM0.07 per Warrant D

^{*3} Assuming the maximum grant and full exercise of the New ESOS Options of up to 15% of the number of issued Shares pursuant to the Proposed New ESOS

^{*4} Assuming the New ESOS Option is exercised into a new Bornoil Share at the subscription price of RM0.0221, being approximately 9.80% discount to the 5-day VWAP of Bornoil Shares up to and including the LPD of RM0.0245 per Bornoil Share

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4.2 NA per Share and gearing level

The effects of the Proposed New ESOS on our Group's NA would depend on factors such as the number of New ESOS Options granted and the fair value of the New ESOS Options after taking into account, inter alia, the subscription price of the New ESOS Options as well as any vesting conditions. Whilst the granting of the New ESOS Options under the Proposed New ESOS is expected to result in recognition of a charge in the statement of comprehensive income of our Group pursuant to the MFRS 2, the recognition of such MFRS 2 charge would not affect the NA of our Group as the corresponding amount will be classified as an equity compensation reserve, which forms part of the shareholders' equity.

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

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

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

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4.3

Substantial shareholding structure

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

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

Minimum Scenario

Substantial shareholders	I					
	Shareholdings as at the LPD			After the Proposed New ESOS and assuming the New ESOS Options are fully exercised		
	<-----Direct----->	% ^{*1}	<-----Indirect----->	<-----Direct----->	% ^{*2}	<-----Indirect----->
No. of Shares	No. of Shares	% ^{*1}	No. of Shares	No. of Shares	% ^{*2}	No. of Shares
Victoria Limited ^{*3}	1,289,408,250	25.17	-	-	21.89	-
Hap Seng Insurance Services Sdn Bhd	273,000,000	5.33	-	273,000,000	4.63	-
Dato' Azahar Bin Rasul	-	-	1,289,408,250 ^{*4}	-	-	1,289,408,250 ^{*4}
Gek Poh (Holdings) Sdn Bhd	-	-	273,000,000 ^{*5}	-	-	273,000,000 ^{*5}
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak (" Tan Sri Datuk Seri Panglima Lau ")	-	-	273,000,000 ^{*6}	-	-	273,000,000 ^{*6}

Notes:-

^{*1} Based on the issued Shares of 5,122,437,754

^{*2} Based on the enlarged issued Shares of 5,890,803,417

^{*3} 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

^{*4} Deemed interest by virtue of his substantial interest in Victoria Limited

^{*5} Deemed interest by virtue of it being the holding company of Hap Seng Insurance Services Sdn Bhd

^{*6} Deemed interest by virtue of his substantial interest in Gek Poh (Holdings) Sdn Bhd, being the holding company of Hap Seng Insurance Services Sdn Bhd

Maximum Scenario

Substantial shareholders	I					
	Shareholdings as at the LPD			Assuming all the treasury shares are retained and all the outstanding Convertible Securities ^{*2} are exercised		
	<-----Direct----->	<-----Indirect----->	% ^{*1}	<-----Direct----->	<-----Indirect----->	% ^{*3}
	No. of Shares	No. of Shares	% ^{*1}	No. of Shares	No. of Shares	% ^{*3}
Victoria Limited ^{*5}	1,289,408,250	25.17	-	1,289,408,250	17.30	-
Hap Seng Insurance Services Sdn Bhd	273,000,000	5.33	-	412,750,000	5.54	-
Dato' Azahar Bin Rasul	-	-	1,289,408,250 ^{*6}	-	1,289,408,250 ^{*6}	17.30
Gek Poh (Holdings) Sdn Bhd	-	-	273,000,000 ^{*7}	-	412,750,000 ^{*7}	5.54
Tan Sri Datuk Seri Panglima Lau	-	-	273,000,000 ^{*8}	-	412,750,000 ^{*8}	5.54

Substantial shareholders	II					
	After I and the Proposed New ESOS and assuming the New ESOS Options are fully exercised					
	<-----Direct----->	<-----Indirect----->	% ^{*4}	<-----Direct----->	<-----Indirect----->	% ^{*4}
	No. of Shares	No. of Shares	% ^{*4}	No. of Shares	No. of Shares	% ^{*4}
Victoria Limited ^{*5}	1,289,408,250	15.04	-	-	-	-
Hap Seng Insurance Services Sdn Bhd	412,750,000	4.82	-	-	-	-
Dato' Azahar Bin Rasul	-	-	1,289,408,250 ^{*6}	15.04	-	-
Gek Poh (Holdings) Sdn Bhd	-	-	412,750,000 ^{*7}	4.82	-	-
Tan Sri Datuk Seri Panglima Lau	-	-	412,750,000 ^{*8}	4.82	-	-

Notes:-

^{*1} Based on the issued Shares of 5,122,437,754

^{*2} The Convertible Securities held by the substantial shareholders as at the LPD is set out below:-

	Warrants C		Warrants D	
	Direct	Indirect	Direct	Indirect
Victoria Limited	-	-	-	-
Hap Seng Insurance Services Sdn Bhd	117,000,000	-	22,750,000	-
Dato' Azahar Bin Rasul	-	-	-	-
Gek Poh (Holdings) Sdn Bhd	-	117,000,000	-	22,750,000
Tan Sri Datuk Seri Panglima Lau	-	117,000,000	-	22,750,000

^{*3} Based on the issued Shares of 7,453,747,588

^{*4} Based on the issued Shares of 8,571,809,726

^{*5} 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

^{*6} Deemed interest by virtue of his substantial interest in Victoria Limited

^{*7} Deemed interest by virtue of it being the holding company of Hap Seng Insurance Services Sdn Bhd

^{*8} Deemed interest by virtue of his substantial interest in Gek Poh (Holdings) Sdn Bhd, being the holding company of Hap Seng Insurance Services Sdn Bhd

4.4 Earnings and EPS

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

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

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

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

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

4.5 Convertible securities

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

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

4.6 Effect of COVID-19 on the business and operations of our Group

The World Health Organisation had on 11 March 2020 declared the coronavirus disease ("**COVID-19**") outbreak as the global pandemic and subsequently on 16 March 2020, our Government had announced that a 2-week movement control order ("**MCO**") will be imposed nationwide to contain the COVID-19 outbreak pursuant to the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. The chronology of event pertaining to the MCO is summarised as follows:-

Date	Events
16 March 2020	<ul style="list-style-type: none">The Malaysian Prime Minister Tan Sri Muhyiddin bin Haji Muhammad Yassin ("Prime Minister") announced that the MCO will be enforced from 18 March 2020 to 31 March 2020 (MCO Phase 1) throughout Malaysia
25 March 2020	<ul style="list-style-type: none">The Prime Minister announced the extension of MCO period by another 2 weeks with effective from 1 April 2020 to 14 April 2020 (MCO Phase 2)
10 April 2020	<ul style="list-style-type: none">The Prime Minister announced further extension of MCO period by another 2 weeks with effective from 15 April 2020 to 28 April 2020 (MCO Phase 3)
23 April 2020	<ul style="list-style-type: none">The Prime Minister announced further extension of MCO period by another 2 weeks with effective from 29 April 2020 to 12 May 2020 (MCO Phase 4)
1 May 2020	<ul style="list-style-type: none">The Prime Minister announced that despite the on-going MCO Phase 4, nearly all economic sectors and business activities will be allowed to operate starting from 4 May 2020, subject to the compliance with the standard operating procedures issued by the National Security Council of Malaysia

The MCO involves the closure of all government and private premises except those involved in the provision of essential services (*such as water, electricity, energy, telecommunications, post, transportation, irrigation, oil, gas fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire prevention, prisons, ports, airports, security, defense, cleaning, food supply and retail*). As part of the measures to ensure that individuals stay home and abide by the MCO, the Royal Malaysian Police and Malaysian Armed Forces have conducted road blocks throughout the nation to curtail the movements of individuals. Accordingly, we are unable to carry out our business operations such as fast food and franchise operations as well as oil, gas, energy and mining related services to abide with the MCO restriction.

Although the magnitude of the impact of the COVID-19 outbreak on our Group businesses and operations remains uncertain, the continued spread of the COVID-19 and the imposition of related public health measures, travel and business restrictions will adversely impact our Group business, financial condition, operating results and cash flows. Depending on the magnitude of such effects, there can be no assurance that any decrease in sales as a result from the COVID-19 outbreak and the subsequent MCO, will be offset by increased sales in subsequent periods.

The COVID-19 outbreak is an event of force majeure that is beyond the control of our Group. Our Government had on, 27 March 2020, announced a Second Economic Stimulus Package 2020 (ESP2) themed Prihatin Rakyat valued at RM250 billion as part of its effort to spur the economy of Malaysia amidst the COVID-19 outbreak. Nevertheless, the success of the aforesaid economic stimulus measures or any future measures which may be introduced by our Government cannot be ascertain at this juncture, and the long-term impact of COVID-19 on our Group's business operations and financial performance remains uncertain at this juncture.

Premised on the above, and barring any unforeseen circumstances, our Board will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, to review the performance and progress of our Group operations and financial performance as well as introduce measures to minimise its operating costs where required. Notwithstanding that, our Board wishes to highlight that as the circumstances pertaining the said outbreak are rather fluid and uncertain in these unprecedented times, there can be no assurance that the statements made above, which are based on information and circumstances known at this juncture, will continue to be accurate moving forward.

(Source: Management of Bornoil)

5. 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 May 2019 to April 2020 are set out below:-

	High RM	Low RM
2019		
May	0.045	0.040
June	0.050	0.040
July	0.050	0.040
August	0.045	0.040
September	0.050	0.040
October	0.050	0.040
November	0.050	0.040
December	0.050	0.040
2020		
January	0.050	0.040
February	0.045	0.035
March	0.040	0.010
April	0.025	0.015
Last transacted market price of Bornoil Shares as at 11 March 2020 (being the latest trading day prior to the announcement on the Proposals)		0.030
Last transacted market price as at the LPD		0.025

(Source: Bloomberg)

6. APPROVALS REQUIRED/ OBTAINED

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

- (i) Bursa Securities, for the listing and quotation for such number of Bornoil Shares, representing up to 15% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities, the approval of which has been obtained on 17 April 2020 subject to the following conditions:-

Conditions	Status of compliance
a. UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed New ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed New ESOS; and	To be complied
b. Bornoil is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed New ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) The shareholders of Bornoil for the Proposed New ESOS at the EGM; and

- (iii) Any other relevant authority, if required.

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

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

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

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSON(S) CONNECTED TO THEM

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

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

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

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

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

Director	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}
Mr. Tan Kok Chor	-	-	-	-
Datuk Joseph Lee Yok Min @ Ambrose	111,326,100	2.17	26,163,085	0.51
Mr. Chan Keng Leong	-	-	-	-
Mr. Teo Kiew Leong	-	-	-	-
Mr. Seroop Singh Ramday	-	-	-	-
Mr. Michael Moo Kai Wah	-	-	-	-

Note:-

^{*1} Based on the issued Shares of 5,122,437,754

Save as disclosed above, none of our Directors and/ or major shareholders and/ or person(s) connected with them have any interest, directly or indirectly, in the Proposals.

8. ESTIMATED TIMEFRAME FOR COMPLETION

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

9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, our Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the date of this Circular.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposals, including the rationale and justification and the effects of the Proposals, are of the opinion that the Proposals are in the best interest of the Company. Accordingly, our Board recommends that you **VOTE IN FAVOUR** for the resolutions pertaining to the Proposed New ESOS at the forthcoming EGM.

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

11. 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 Friday, 5 June 2020 at 11.00 a.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 Proposals.

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://tiah.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 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://tiah.online> no later than Wednesday, 3 June 2020 at 11.00 a.m. Please follow the Procedures for RPV in the Administrative Details for the EGM in order to participate remotely via RPV.

12. 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 the Board
BORNEO OIL BERHAD

TAN KOK CHOR
Chairman/ Independent Non-Executive Director

DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS**ESOS By-laws**

**BORNEO OIL BERHAD
EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

1. NAME OF SCHEME

This ESOS shall be called the "Borneo Oil Berhad's ESOS".

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons (herein defined) to the corporate goals of Borneoil Group. The ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

- (a) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of Borneoil Group;
- (b) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (c) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (d) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Borneoil Shares, upon exercising of the ESOS Options.

In addition, Borneoil will be able to utilise the proceeds from the exercise of the ESOS Options for its working capital purposes, which is expected to finance the Group's day-to-day operations, amongst others, repayment to trade creditors as well as general expenses such as traveling, staff training, rental of offices and utilities.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these ESOS By-laws, the following terms shall, unless the context otherwise requires, have the following meanings:

- | | | |
|------------|---|--|
| "Act" | : | The Companies Act, 2016 and any amendments made thereto from time to time. |
| "Adviser" | : | Adviser in relation to a listed issuer, means a person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission's Principal Adviser's Guidelines. |
| "Auditors" | : | The external auditors for the time being of the Company or such other external auditors as may be nominated by the Board. |

ESOS By-laws

“Board”	: The Board of Directors of Bornoil.
“Bornoil” or “Company”	: Borneo Oil Berhad.
“Bornoil Group” or “Group”	: Bornoil and its Subsidiaries, collectively.
“Bornoil Share(s)” or “Share(s)”	: Ordinary share(s) in Bornoil.
“Bursa Securities”	: Bursa Malaysia Securities Berhad.
“Calendar Days”	: Means days according to the Gregorian calendar.
“CDS”	: Central Depository System.
“CDS Account”	: The account established by the Depository for the recording of deposit and withdrawal of securities and for dealing in such securities by a depositor.
“Central Depositories Act”	: The Securities Industry (Central Depositories) Act, 1991 and any amendments made thereto from time to time.
“Constitution”	: Constitution of the Company (Memorandum and Articles of Association as adopted pursuant to the Act), as amended from time to time.
“Date of Acceptance”	: The date where the ESOS Committee receives written notice from an Eligible Person accepting an Offer.
“Date of Offer”	: The date on which an Offer is made to an Eligible Person by the ESOS Committee from time to time during the Option Period to participate in the ESOS.
“Depository Rules”	: Rules of Depository and any amendments made thereto from time to time.
“Depository”	: Bursa Malaysia Depository Sdn Bhd.
“Director(s)”	: All directors of Bornoil and its Subsidiaries, which are not dormant, 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 including non-executive directors.
“Effective Date”	: The date on which the ESOS is implemented in accordance with the ESOS By-Laws as provided in ESOS By-law 4.1 and By-law 21.
“Eligible Person(s)”	: A natural person who is a Director or an employee of the Group (which are not dormant companies) and who meets the criteria of eligibility for participation in the ESOS as stipulated under ESOS By-law 5 and subject to ESOS By-law 5.3.
“ESOS”	: The employee share option scheme for the grant of Options to Eligible Persons to subscribe for new Bornoil Shares upon the terms as set out herein, such scheme to be known as the “Borneo Oil

ESOS By-laws

Berhad Employees' Share Option Scheme".

"ESOS Committee"	:	The committee comprising Directors and senior management personnel appointed by the Board to administer the ESOS. For the avoidance of doubt, no Director and/or senior management shall participate in the deliberation or discussion on their own ESOS allocation.
"ESOS Option(s)" or "Option(s)"	:	The right of a Grantee to subscribe for one (1) Bornoil Share at the Subscription Price pursuant to an Offer duly accepted by the Grantee in the manner indicated under ESOS By-law 8.
"Grantee"	:	Any Eligible Person who has accepted the Offer in the manner as stipulated under the ESOS By-law 8.
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time.
"Market Day"	:	A day on which Bursa Securities is open for official trading in securities.
"Maximum Allowable Allotment"	:	The maximum number of new Bornoil Shares that may be offered and allotted to an Eligible Person in accordance with the provisions of ESOS By-law 6.
"Offer"	:	A written offer, made by the ESOS Committee from time to time to the Eligible Persons to participate in the ESOS in the manner indicated under ESOS By-law 7.
"Option Period"	:	The period commencing from the Date of Offer until the expiry date and/or termination of the ESOS or such other date as may be specifically stated in such Offer for an Eligible Person to exercise the Options provided that no Option Period shall extend beyond the duration of ESOS referred to under ESOS By-law 21 hereof or in the event of a termination of the ESOS, the date of termination of the ESOS.
"Person(s) Connected"	:	Person connected as defined in paragraph 1.01 of the Listing Requirements.
"RM" and "Sen"	:	Ringgit Malaysia and sen respectively.
"Subscription Price"	:	The price at which the Grantee shall be entitled to subscribe for each new Bornoil Shares as calculated in the manner indicated under ESOS By-law 9.
"Subsidiary"	:	Any company which is a subsidiary of Bornoil within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)), which are not dormant and shall include any Subsidiary existing as at the Effective Date and any Subsidiary incorporated or acquired at any time during the tenure of the ESOS but excludes subsidiaries which are dormant or have been divested in the manner provided in ESOS By-law 24, and "Subsidiaries" shall be construed accordingly.

ESOS By-laws

VWAMP

Volume weighted average market price.

In these ESOS By-laws:

- 3.2 Any reference to any statute or any statutory provision shall include any regulations and other subordinate legislation made from time to time under that statute or statutory provision and any Listing Requirements, policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- 3.3 Any reference to any statute or any statutory provision shall include that statute or statutory provision as from time to time modified or re-enacted whether before or after the date of these ESOS By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted within the duration of the ESOS and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- 3.4 Words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- 3.5 Words denoting the masculine gender include the feminine and neuter gender and all such words shall be construed interchangeably in that manner;
- 3.6 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's discretion;
- 3.7 The term 'month' means a Gregorian calendar month;
- 3.8 The headings in these ESOS By-laws are inserted for convenience of reference only and shall be ignored in the interpretation and construction of the provisions herein contained; and
- 3.9 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

4. MAXIMUM NUMBER OF NEW BORNOIL SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The maximum number of new Bornoil Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS as provided in ESOS By-law 21.
- 4.2 Notwithstanding ESOS By-law 4.1 or any other provision herein contained, in the event the maximum number of new Bornoil Shares comprised in the Options granted under the ESOS exceeds the aggregate of fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own shares pursuant to Section 127 of the Act or the Company undertakes any other corporate proposal and thereby resulting in the total number of Shares to be issued under the ESOS exceeding fifteen per cent (15%) of the total number of issued shares of the Company, then,
 - (a) such Options granted prior to the adjustment of the total number of issued shares of the Company (excluding treasury shares) shall remain valid and exercisable in accordance with the provisions of this ESOS By-laws; and

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- (b) no further Options shall be offered until the total number of new Bornoil Shares comprised in the Options granted or to be granted under the ESOS falls below fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares).
- 4.3 The Company will within the duration of the ESOS keep available sufficient unissued Bornoil Shares in the capital of the Company to satisfy all outstanding ESOS Options, which may be exercised in accordance with this ESOS By-laws.
- 4.4 Each ESOS Option shall be exerciseable into one new Bornoil Share(s), in accordance with the provisions of this ESOS By-laws.

5. DETERMINATION OF ELIGIBILITY

- 5.1 Any Director or employee of any company comprised in the Group shall be eligible to be considered for the offer of Options under the ESOS provided that:
 - (a) the Director or employee shall have attained the age of eighteen (18) years on the Date of Offer and are neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) they must fulfill such other eligibility criteria as may be determined by the ESOS Committee from time to time;
 - (c) the Director or employee must have been employed by the Company and/or a Subsidiary and his employment as an Eligible Person must have been confirmed on the Date of Offer, irrespective whether he was transferred to a Subsidiary within the Bornoil Group, in which case he must have been a confirmed employee in that Subsidiary;
 - (d) If the Director or employee is employed by a company which is acquired, and becomes a Subsidiary of the Company upon such acquisition during the duration of the ESOS, the Director or employee must have been a confirmed employee in that Subsidiary following the date that such company becomes or is deemed to be a Subsidiary of the Bornoil Group; and
 - (e) the Director or employee is an employee of a Subsidiary, which is not dormant.
- 5.2 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered Options.
- 5.3 In addition to the foregoing, where the Directors are eligible to participate in the ESOS, such entitlement under the ESOS must have been approved by the shareholders of the Company in general meeting.
- 5.4 No Eligible Person shall at any one point in time participate or be eligible to participate in more than one (1) share option scheme or share grant scheme (in any form or manner, and local or foreign) implemented by any corporation within the Bornoil Group.
- 5.5 In determining the eligibility and allocation of an Eligible Person to participate in the ESOS, the ESOS Committee will take into account among others, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person to the Company and/or Subsidiary, and such other factors that the ESOS Committee deems relevant. Selection for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee.

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- 5.6 Eligibility under the ESOS shall not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not have any rights to acquire or have any rights over or in connection with the Options or the new Bornoil Shares comprised therein unless an Offer has been made in writing by the ESOS Committee to the Eligible Person under ESOS By-law 7 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.
- 5.7 A set of criteria on eligibility and allocation as determined by the ESOS Committee from time to time shall be made available to the Eligible Persons.
- 5.8 An employee who during the duration of the Scheme becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee) subject to the Maximum Allowable Allotment for the category to which he has been admitted.
- 5.9 The allotment of Options under By-Law 5.8 shall be from the balance of the Options available under the Scheme subject to the provisions of By-Law 4.1.

6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

- 6.1 Subject to any adjustment which may be made under ESOS By-law 17, the aggregate number of new Bornoil Shares that may be offered under the Options and allotted and issued to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person and such other factors that the ESOS Committee may deem relevant subject to the following ("**Maximum Allowable Limit**"):
- (a) that the Directors and senior management do not participate in the deliberation or discussion of their own allocation;
 - (b) the allocation to the Eligible Person who, either singly or collectively through Person Connected with the Eligible Person, holds twenty per cent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed ten per cent (10%) of the total number of the new Bornoil Shares to be issued under the ESOS; and
 - (c) Not more than fifty per cent (50%) of the total number of new Bornoil Shares available under the ESOS shall be allocated in aggregate to the Directors and senior management of Bornoil and its subsidiaries, which are not dormant, on the basis that they are crucial to the performance of Bornoil Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant.

- 6.2 The number and allocation of Options so offered pursuant to the ESOS and the new Shares arising from the exercise of the Options shall be verified by the ESOS Committee.
- 6.3 At the time the Offer is made in accordance with ESOS By-law 7, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person in the differing categories or grades.

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- 6.4 Any Eligible Person who holds more than one (1) position within the Bornoil Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 6.5 In the event that an Eligible Person is promoted, the ESOS Committee shall have the sole and absolute discretion in determining the Maximum Allowable Allotment applicable to such Eligible Person, subject always to the availability of the Options and the maximum number of Bornoil Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 6.6 An Eligible Person who is demoted to a lower grade for any reason whatsoever shall only be entitled to such Maximum Allowable Allotment corresponding to such demoted category unless the Offer has been made and accepted by him before such demotion, subject always to the maximum number of Bornoil Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1 and where the demoted Eligible Person has accepted the Offer which exceeds the Maximum Allowable Allotment under the category of Employees to which such Eligible Person has been demoted, such Eligible Person shall not be entitled to further allocation under such category.
- 6.7 The ESOS Committee or the Board may in its discretion introduce additional category or grades of Employees as it deems necessary during the duration of the ESOS.

7. OFFER OF OPTIONS

- 7.1 (a) The ESOS Committee shall, within the duration of the ESOS as specified in ESOS By-law 21 hereof, make Offers to any Eligible Person whom the ESOS Committee may in its sole and absolute discretion determine in accordance with the terms of the ESOS.
- (b) Notwithstanding subsection (a) above, where it involves an Offer to an Eligible Person who is a member of the ESOS Committee, such grant of Options shall be decided by the Board but carried out by the ESOS Committee. However, if a Board member is made an Offer under this By-laws, the said Board member shall abstain from any decision or discussion pertaining to his allotment of Options.
- 7.2 The actual number of new Bornoil Shares which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and, subject to any adjustment that may be made under ESOS By-law 17, shall be in multiples of and not be less than one hundred (100) Bornoil Shares, but subject to the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.3 Subject to ESOS By-law 4, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first Offer provided always that the total aggregate number of new Bornoil Shares to be offered to the Eligible Person (inclusive of Bornoil Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.4 No Options will be granted to any Director or a chief executive or a major shareholder of Bornoil and/ or a Person Connected with a Director or a chief executive or a major shareholder of the Company, who is an Eligible Person, unless the grant of Options to them shall have been previously approved by the shareholders of the Company in general meeting.
- 7.5 Any Offer made by the ESOS Committee shall be made in writing. Such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.

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- 7.6 Unless otherwise approved in writing by the ESOS Committee in its absolute discretion, any Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Bornoil Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in ESOS By-law 8 hereof.
- 7.7 The ESOS Committee shall in its letter of offer ("**Offer Letter**") to an Eligible Person set out (amongst others) the number of new Bornoil Shares that may be subscribed for under the Offer, the Maximum Allowable Allotment, the Subscription Price, Option Period, the closing date for acceptance of the Offer and the manner of exercise of the Options.
- 7.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allotment, the number of Options offered and accepted, the number of Options exercised, the Date of Offer and the Subscription Price.
- 7.9 Without prejudice to ESOS By-law 18, in the event the Offer Letter contains an error on the part of the Company in stating any of the particulars in ESOS By-law 7.7 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within one (1) month of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for Options which have already been exercised as at the date of the revised Offer Letter.

8. ACCEPTANCE OF OFFER

- 8.1 The Offer to participate in the ESOS shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee in on a case to case basis at its discretion ("**Prescribed Period**").
- 8.2 If an Eligible Person wishes to accept the Offer made to it under ESOS By-law 8.1, he shall do so within the Prescribed Period by a written notice to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by a payment to the Company of a nominal non-refundable cash consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options pursuant to the Offer. The day of receipt of such written notice shall constitute the Date of Acceptance.
- 8.3 If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the Prescribed Period be deemed rejected by the Eligible Person and shall automatically lapse and shall be null and void and be of no further effect, and the Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

9. SUBSCRIPTION PRICE

Subject to any adjustments in accordance with ESOS By-law 17, the Subscription Price shall be determined by the Board upon recommendation of the ESOS Committee and shall be fixed based on the 5-day VWAMP of Bornoil Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer with a discount of not more than ten per cent (10%) to the said price, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Option Period.

The Subscription Price as determined by the Board upon recommendation of the ESOS Committee which shall be conclusive and binding on the Grantee.

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10. EXERCISE OF OPTIONS

- 10.1 Subject to ESOS By-law 8, the Options granted to an Eligible Person pursuant to an Offer under the ESOS is exercisable by the Eligible Person in full or by such lesser number as the Eligible Person may be entitled under the Options at any time during the Option Period.

If the Options in an Offer are exercisable in such lesser number by the Eligible Person during the Option Period, the remaining number can be exercised by him from time to time during his lifetime whilst the Grantee is in the employment of the Bornoil Group within the Option Period.

- 10.2 Subject to any adjustments in accordance with ESOS By-law 17, the ESOS Committee may, at any time and from time to time after the Options are granted pursuant to ESOS By-law 7, within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of ESOS By-law 17.
- 10.3 The Grantee shall notify the ESOS Committee in writing in the prescribed form of the Grantee's intention to exercise the Options. If the Options are exercised in respect of such lesser number as the Grantee may so decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) Bornoil Shares. Such partial exercise of the Options shall not preclude the Grantee from exercising the Options as to the balance thereof at any time in the future but within the Option Period. In the event the balance of Bornoil Shares exercisable by a Grantee in accordance with these ESOS By-laws shall be less than one hundred (100) Bornoil Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 10.4 Every such notice to exercise the Options shall be accompanied by a remittance for the full amount of the Subscription Price monies in relation to the number of Bornoil Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Bornoil Shares to the Grantee in accordance with the provisions of the Constitution, the Central Depositories Act and the Depository Rules, despatch the notice of allotment to the Grantee and make an application for the listing and quotation for the new Bornoil Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 10.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the notice of exercise referred to in ESOS By-law 10.3 or inaccuracy in the information provided shall result in the notice of exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the said notice within fourteen (14) Calendar Days from the date of the rejection and the Grantee shall be deemed not to have exercised his Options.
- 10.6 The Grantee who exercises his Options shall provide the ESOS Committee with his CDS Account number in the notice referred to in ESOS By-law 10.3. The new Bornoil Shares to be issued pursuant to the exercise of the Options will be credited directly into the CDS Account of the Grantee and a notice of allotment and issuance stating the number of new Bornoil Shares credited into the CDS Account will be issued to the Grantee and no physical share certificate will be issued.
- 10.7 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse and have no further effect.
- 10.8 An eligible Director who is a non-executive Director in the Company shall not sell, transfer or assign the Bornoil Shares obtained through the exercise of Options offered to him within one (1) year from the Date of Offer pursuant to the Listing Requirements as amended from time to time or other prevailing applicable guidelines.

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- 10.9 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee.
- 10.10 The Company, the Board (including Directors of Bornoil who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Bornoil Shares allotted and issued to a Grantee pursuant to the exercise of the Options by the Grantee; and/or
 - (b) any delay in crediting the said new Bornoil Shares into the CDS Account of the Grantee with the Nominee; and/or
 - (c) any other matter or dealing which is outside the control of the Company.
- 10.11 Every Option shall be subject to the condition that no new Bornoil Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

11. NON-TRANSFERABILITY, TERMINATION OF OPTIONS AND SUSPENSION

- 11.1 An Option is personal to the Grantee and subject to ESOS By-law 11.2 is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any Group company and within the Option Period.
- 11.2 In the event of the cessation of employment of a Grantee with the Bornoil Group for whatever reason prior to the exercise of his Options or prior in full exercise of his Options, such Options shall cease immediately on the date of such cessation without any claim against the Company PROVIDED ALWAYS THAT subject to the written approval of the ESOS Committee in its discretion if such cessation occurs by reason of:-
- (a) retirement on attaining the retirement age under the Bornoil Group's policy;
 - (b) retirement before attaining the normal retirement age but with the consent of the Board;
 - (c) redundancy or any voluntary separation scheme;
 - (d) ill-health, injury, physical or mental disability; or
 - (e) any other circumstances which are acceptable to the ESOS Committee, such Options shall remain exercisable during the Option Period.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

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- 11.3 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the option.
- 11.4 In the event of the death or termination of employment of a Grantee with the Bornoil Group for whatsoever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith become void and cease to have further effect and the Bornoil Shares in respect of such Options may be re-offered to other Eligible Persons at the absolute discretion of the ESOS Committee.
- 11.5 The Option shall immediately become void and of no effect upon the following circumstances:
- (a) the bankruptcy of the Grantee or the Grantee being adjudicated a bankrupt; or
 - (b) a disciplinary action is taken on the Grantee pursuant to ESOS By-law 11.6; or
 - (c) any other circumstances as may be determined by the ESOS Committee.
- 11.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee or are found to have had no basis or justification), the ESOS Committee shall have the right, at its discretion, to suspend the rights of the Grantee to exercise the Grantee's Option(s) pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:
- (a) in the event such Grantee shall subsequently be found not guilty of the charge(s) which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise the Grantee's Option(s) as if such disciplinary proceeding had not been instituted in the first place;
 - (b) in the event such Grantee is found guilty of the charge(s) and the same results in the dismissal or termination of service of such Grantee, the Option(s) shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; or
 - (c) in the event such Grantee is found guilty of the charge(s) but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise the Grantee's Option(s) and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
 - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice.
- 11.7 Where a Grantee dies before the expiry of the Option Period and at the time of his death held unexercised Options, such Options shall cease immediately on the date of such death without any claim against the Company PROVIDED ALWAYS THAT, subject to the written approval of the ESOS Committee in its discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death provided that such exercise shall be within the Option Period and shall not be later than twelve (12) months after the date of his death.

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11.8 If the ESOS Committee in its absolute discretion determine that a Subsidiary is not an eligible Subsidiary for purposes of the ESOS, a Grantee who was in the employment of such Subsidiary and who has not yet exercised the Options shall not be entitled to exercise such Options unexercised on the date such Subsidiary is determined by the ESOS Committee not to be eligible unless the ESOS Committee otherwise decides. Such Grantee shall not be eligible to participate in any further Options. Where the ESOS Committee decides not to allow the Grantee to exercise such Options which is unexercised on the date such Subsidiary is no longer eligible as an eligible Subsidiary, then the Bornoil Shares in respect of such unexercised Options may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

11.9 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse and cease to be valid and be null and void.

12. TAKE OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

12.1 Notwithstanding ESOS By-law 10 and ESOS By-law 21 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (a) a take-over offer being made for the Company, under the Capital Markets and Services Act, 2007, Rules on Takeovers, Mergers and Compulsory Acquisitions 2016 and the Malaysian Code on Take-Overs and Mergers 2016 (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the “person making the take-over (“**Offeror**”) or any persons acting in concert with the Offeror) and such offer becoming or being declared unconditional, a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of the Grantee’s Options and the Directors of Bornoil shall use their best endeavours to procure that such a general offer be extended to the new Bornoil Shares that may be issued pursuant to the exercise of the Options under these ESOS By-laws; and
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Bornoil Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date (“**Specific Date**”), a Grantee who is holding outstanding exercisable Options will be entitled to exercise all or any part of the Grantee’s Options from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

In the foregoing circumstances, if the Grantee fails to exercise his Options or elects to exercise only in respect of a portion of such Bornoil Shares, then any Options to the extent unexercised by the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and be null and void.

12.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised ESOS Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.

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13. RANKING OF THE NEW BORNOIL SHARES

The new Bornoil Shares to be allotted and issued upon the exercise of the Options under the ESOS will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued share capital of the Company except that the new Bornoil Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions where the entitlement date (namely the date as at the close of business on which shareholders of the Company must be entered in the Record of Depositors maintained with the Depository in order to be entitled to any dividends, rights, allotments or other distributions) precedes the date of allotment of the new Bornoil Shares and will be subject to all the provisions of the Constitution of the Company and Listing Requirements relating to transfer, transmission or otherwise of the Bornoil Shares.

14. RETENTION/RESTRICTION PERIOD OF BORNOIL SHARES

Save for ESOS By-law 10.8, the new Bornoil Shares allotted and issued to a Grantee pursuant to the exercise of the Options will not be subject to any retention period or restriction on transfer, disposal and/ or assignment. However, the Company encourages Grantees to hold the new Bornoil Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the new Bornoil Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for immediate realisation to yield a profit.

A Grantee who is a non-executive director of the Bornoil Group must not sell, transfer or assign new Bornoil Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer of such Options.

15. QUOTATION FOR THE NEW BORNOIL SHARES

The new Bornoil Shares (if any) to be allotted and issued to the Grantee pursuant to the exercise of the Options will not be listed or quoted on Bursa Securities, until the Options are exercised in accordance with ESOS By-law 10 whereupon the Company shall, subject to it having obtained the prior written approval of Bursa Securities and/or other relevant authorities, and making applications to Bursa Securities for the listing and quotation for such additional Bornoil Shares on Bursa Securities, use its best endeavour to obtain permission for dealing therein.

16. OBLIGATION OF COMPANY AS REGARD TO SHARE CAPITAL

The Company shall during the Option Period keep available sufficient approved new Bornoil Shares in the share capital of the Company to satisfy all outstanding Options granted under the ESOS throughout the duration of the ESOS.

17. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 17.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made to:

- (i) the Subscription Price;

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- (ii) the number of new Bornoil Shares comprised in the Options by an Offer or any portion thereof which have not been exercised; and /or
- (iii) the number of new Bornoil Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the ESOS),

and shall be adjusted in accordance with the following formula:

- (a) If and whenever the Company shall make any issue of new Bornoil Shares to ordinary shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \frac{A+B}{A} \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up Bornoil Shares immediately before such capitalisation issue;
- B = the aggregate number of Bornoil Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Options held.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (b) If and whenever the Company shall make:
 - (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Bornoil Shares by way of rights; or
 - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Bornoil Shares or securities with rights to acquire or subscribe for Bornoil Shares,

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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$$\frac{C - D}{C}$$

and in respect of the case referred to in ESOS By-law 15.1(b)(ii) hereof, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \left[\frac{C}{C-D^*} \right] \right] - T$$

where:

T = T in ESOS By-law 15.1(a);

C = the Current Market Price (as defined in ESOS By-law 17.1(g)) of each Bornoil Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for Bornoil Shares under ESOS By-law 17.1(b)(ii) above or for securities convertible into Bornoil Shares or securities with rights to acquire or subscribe for Bornoil Shares under ESOS By-law 17.1(b)(iii) above, the value of rights attributable to one (1) Bornoil Share (as defined below); or

(bb) in the case of any other transaction falling within ESOS By-law 17.1(b), the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to one (1) Bornoil Share.

For the purpose of definition (aa) of D above, the “value of rights attributable to one (1) Bornoil Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = C in ESOS By-law 17.1(b);

E = the subscription price for one (1) additional Bornoil Share under the terms of such offer or invitation or one (1) additional security convertible into Bornoil Shares or one (1) additional security with rights to acquire or subscribe for Bornoil Shares;

F = the number of Bornoil Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Bornoil Share or security convertible into Bornoil Shares or with right to acquire or subscribe for Bornoil Shares; and

D* = the value of the rights attributable to one (1) Bornoil Share (as defined below).

For the purpose of D* above, the “value of the rights attributable to one (1) Bornoil Share” shall be calculated in accordance with the formula:

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$$\frac{C - E^*}{F^* + 1}$$

where:-

C = C in ESOS By-law 17.1(b);

E* = the subscription price for one (1) additional Bornoil Share under the terms of such offer or invitation to acquire or subscribe for Bornoil Shares; and

F* = the number of Bornoil Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Bornoil Share.

For the purpose of ESOS By-law 17.1(b) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Bornoil Shares (other than an issue falling within ESOS By-law 17.1(a)) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (c) If and whenever the Company makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(a)(ii) or ESOS By-law 17.1(a)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) above and also makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = B in ESOS By-law 17.1(a);

C = C in ESOS By-law 17.1(b);

G = the aggregate number of issued and fully paid-up Bornoil Shares on the entitlement date;

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- H = the aggregate number of new Bornoil Shares under an offer or invitation to acquire or subscribe for Bornoil Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Bornoil Shares or rights to acquire or subscribe for Bornoil Shares, as the case may be;
- H* = the aggregate number of new Bornoil Shares under the offer or invitation to acquire or subscribe for Bornoil Shares by way of rights;
- I = the subscription price of one (1) additional Bornoil Share under the offer or invitation to acquire or subscribe for Bornoil Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Bornoil Share, as the case may be;
- I* = the subscription price of one (1) additional Bornoil Share under the offer or invitation to acquire or subscribe for Bornoil Shares; and
- T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Bornoil Shares as provided in ESOS By-law 17.1(b)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into Bornoil Shares or securities with rights to acquire or subscribe for Bornoil Shares as provided in ESOS By-law 17.1(b)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = C in ESOS By-law 17.1(b);
- G = G in ESOS By-law 17.1(c);
- H = H in ESOS By-law 17.1(c);
- H* = H* in ESOS By-law 17.1(c);
- I = I in ESOS By-law 17.1(c);
- I* = I* in ESOS By-law 17.1(c);
- J = the aggregate number of Bornoil Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Bornoil Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Bornoil Share; and

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T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (e) If and whenever the Company makes an allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) and also makes an offer or invitation to acquire or subscribe for Bornoil Shares to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Bornoil Shares as provided in ESOS By-law 17.1(b)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B = B in ESOS By-law 17.1(a);
C = C in ESOS By-law 17.1(b);
G = G in ESOS By-law 17.1(c);
H = H in ESOS By-law 17.1(c);
H* = H* in ESOS By-law 17.1(c);
I = I in ESOS By-law 17.1(c);
I* = I* in ESOS By-law 17.1(c);
J = J in ESOS By-law 17.1(d);
K = K in ESOS By-law 17.1(d); and
T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (f) If and whenever consolidation or subdivision or conversion of Shares occurs, the Subscription Price shall be adjusted in the following manner:
- (i) the Subscription Price shall be adjusted by multiplying it by the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion

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$$\frac{L \times M}{N}$$

- (ii) the number of Options shall be adjusted by multiplying the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion

$$\frac{N \times O}{L}$$

where:

- L = the aggregate number of Bornoil Shares issued and fully paid-up immediately before such consolidation or subdivision or conversion;
- M = existing Subscription Price
- N = the aggregate number of Bornoil Shares immediately after such consolidation or subdivision or conversion.
- O = existing number of Options.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

- (g) For the purposes of ESOS By-laws 17.1(b), (c), (d) and (e) above, the “Current Market Price” in relation to one (1) Bornoil Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments must be confirmed in writing either by the Auditors or the Adviser for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) cent;
- (b) In the event that a fraction of a new Bornoil Share arising from the adjustment referred to in this ESOS By-law would otherwise be required to be issued upon the exercise of the Options by the Grantee, the Grantee’s entitlement shall be rounded down to the nearest whole number;
- (c) Upon any adjustment being made pursuant to this ESOS By-law, the ESOS Committee shall, within thirty (30) Calendar Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Bornoil Shares thereafter to be issued on the exercise of the Options; and
- (d) Any adjustments made must be in compliance with the provisions for adjustment as provided in this ESOS By-law.

Nevertheless, any adjustments to the Subscription Price and/or the number of new Bornoil Shares comprised in the Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditors or the Adviser (as the case may be) of the Company.

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- 17.2 Save as expressly provided for herein, the Auditors or Adviser (as the case may be) must confirm in writing that the adjustments are in their opinion fair and reasonable and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.
- 17.3 The adjustment pursuant to this ESOS By-law shall be effective on the Market Day immediately following the entitlement date for the event giving rise to the adjustment.
- 17.4 No adjustments shall be made to the Subscription Price and/or the number of Bornoil Shares comprised in the Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:
- (a) an issue of new Bornoil Shares or other securities convertible into Bornoil Shares or with rights to acquire or subscribe for Bornoil Shares in consideration or part consideration for an acquisition of any other securities, assets or business; or
 - (b) a special issue of new Bornoil Shares or other securities to Bumiputera investors nominated by the Ministry of International Trade and Industry and/or any other government authority to comply with Malaysian Government's policy on Bumiputera capital participation; or
 - (c) a private placement or restricted issue of new Bornoil Shares by the Company; or
 - (d) an issue of new Bornoil Shares arising from the exercise of any conversion rights in respect of any securities convertible into new Bornoil Shares including but not limited to warrants and convertible loan stocks; or
 - (e) an issue of new Bornoil Shares upon the exercise of Options granted under the ESOS; or
 - (f) a purchase by the Company of its own Bornoil Shares pursuant to Section 127 of the Act.
- 17.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, ESOS By-law 17.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.1 is applicable, but ESOS By-law 17.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.4 is applicable.
- 17.6 Notwithstanding the provision referred to in this ESOS By-law 17, in any circumstances where the Board consider that any adjustment to the Subscription Price and/or the number of Bornoil Shares comprised in the Options or any portion thereof that is unexercised under the said provision should be adjusted or calculated on a different basis or date or should take effect on a different date or that an adjustment to the Subscription Price and/or the number of Bornoil Shares comprised in the Options or any portion thereof should be made notwithstanding that no such adjustment is required under the said provisions, the Company may but it is not obliged to appoint an Adviser and/or the Auditors to consider for any reason whatsoever the adjustment to be made (or the absence of any adjustment) or the adjustment to be made in accordance with the provisions of this ESOS By-law 17 is appropriate or inappropriate, as the case may be and if such Adviser and/or the Auditors shall consider the adjustment to be inappropriate, that adjustment shall be modified or nullified (or an adjustment made even though not required to be made) in such manner as shall be considered by such Adviser and/or the Auditors to be in its opinion appropriate.
- 17.7 The decision of the Board as to whether any adjustment shall be made or not made to the Subscription Price and and/or the number of Bornoil Shares comprised in the Options or any portion thereof pursuant to this ESOS By-law 17 shall be binding, final and conclusive.

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18. ADMINISTRATION OF THE SCHEME

The ESOS shall be administered by the ESOS Committee appointed by the Board. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person(s) in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board. The ESOS Committee may for the purpose of administering the ESOS do all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company. The ESOS Committee shall comprise representative(s) from the Board and other persons appointed from time to time by the Board.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 19.1 Subject to ESOS By-law 19.2, ESOS By-law 19.3 and By-law 25, the ESOS Committee may at any time and from time to time recommend to the Board any additions and amendments to or deletions of these ESOS By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these ESOS By-laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities each time an amendment is made, that the said amendment to the ESOS By-laws is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes and Depository Rules pursuant to Paragraph 2.12 of the Listing Requirements.
- 19.2 Subject to ESOS By-law 19.3 and By-law 25, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these ESOS By-laws PROVIDED THAT no additions, amendments or deletions shall be made to these ESOS By-laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without his prior consent; or
 - (b) increase the number of Bornoil Shares available under the ESOS beyond the maximum imposed by ESOS By-law 4.1; or
 - (c) provide an advantage to any Grantee or group of Grantees or all Grantees.
- 19.3 For the purposes of complying with the provisions of the Listing Requirements, ESOS By-laws 4.1, 5.1, 6.1, 8.2, 9, 10.1, 10.8, 12, 13, 17, 20, 21.3 and this ESOS By-law 19.3 respectively shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders in general meeting.

20. LIQUIDATION OF THE COMPANY

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this ESOS By-law 20). Each Grantee (or his or her legal personal representative(s)) shall thereupon be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the

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aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

In the event that any order is made or a special resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and shall be null and void and have no further effect.

21. DURATION OF THE SCHEME

21.1 The Effective Date for the implementation of the ESOS shall be at the date of full compliance with all relevant requirements in the Listing Requirements including the following:

- (a) submission of the final copy of the ESOS By-laws to Bursa Securities together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (b) receipt of approval or approval-in-principle, as the case may be from Bursa Securities for the listing and quotation of the new Bornoil Shares to be issued pursuant to the exercise of Options granted under the ESOS;
- (c) procurement of shareholders' approval for the ESOS;
- (d) receipt of approval of any other relevant authorities (where applicable); and
- (e) fulfilment of all conditions attached to the above approvals (if any).

21.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

21.3 Subject to ESOS By-law 25, the ESOS shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date ("**Date of Expiry**").

For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be) and the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/ or Bursa Securities (if required).

21.4 In the event the Board elects to extend or renew the ESOS for a further period of up to five (5) years as provided in By-law 21.3. The Board may resolve to extend or renew the ESOS on or before the fifth (5th) anniversary of the Effective Date.

21.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

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22. COSTS AND EXPENSES OF THE SCHEME

All fees and costs incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the issue and allotment of the new Bornoil Shares pursuant to the exercise of any Options, shall be borne by the Company save and except for any tax (including income tax), if any, arising from the Offer and/or exercise of any Options under the ESOS.

23. DISPUTES/DIFFERENCES

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties.

24. DIVESTMENT FROM AND TRANSFER TO/FROM THE BORNOIL GROUP

24.1 If the Grantee who was in the employment of a company in the Bornoil Group which was subsequently divested from the Bornoil Group resulting in that company ceasing to be a Subsidiary, unless approved by the ESOS Committee in writing, the Options unexercised on the date of such company ceasing to be a Subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further Option(s) under the ESOS.

24.2 In the event that the Grantee is transferred from the Bornoil Group to any associated companies of the Bornoil Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 5 of the Act which provides that where a corporation (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation, that corporation and that other corporation shall for the purposes of this Act be deemed to be related to each other) of the Company which have an existing share option scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options held by such Grantee unexercised on the date of transfer shall be null and void and be of no effect.

24.3 In the event that:

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 5 of the Act (that is to say, a company which does not fall within the definition of "Bornoil Group") and is subsequently transferred from such company to any company within the Bornoil Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a company within the Bornoil Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Bornoil Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this ESOS for its remaining Option Period, if the affected employee becomes a "Eligible Person" within the meaning under these ESOS By-laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Bornoil Group pursuant to part (b) above as a Subsidiary or any other statutory regulation in place thereof during the tenure of the ESOS, the ESOS shall apply to the employees of such

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company on the date such company becomes a Subsidiary of the Company (provided that such Subsidiary is not dormant) falling within the meaning of the expression of “Eligible Person” under ESOS By-law 1 and the provisions of the ESOS By-laws shall apply.

25. TERMINATION OF THE SCHEME

- 25.1 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Company may terminate the continuation of this ESOS and no further Offers shall be made by the ESOS Committee. For the avoidance of doubt, this By-law 25 shall prevail over the requirements under By-law 19.

All Offers outstanding but not yet accepted by the Eligible Person at the date of the said resolution shall automatically lapse or cease to have effect as at the date of the resolution and the Options yet to be exercised shall automatically lapse or cease to have any effect from the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled. The ESOS shall be deemed terminated at the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled.

- 25.2 In the event the Company terminates this ESOS in accordance with the Listing Requirements and these By-laws, the Company must immediately announce on Bursa Securities:
- (a) the effective date of termination;
 - (b) the number of Options exercised or the Bornoil Shares vested; and
 - (c) the reasons for termination.

26. DISCLAIMER OF LIABILITY

No Employee shall be entitled to any compensation for damages arising from the termination of any ESOS Options or this ESOS pursuant to the provisions of these By-Laws. Notwithstanding any provision of these By-Laws:

- (a) this ESOS does not form any part of or constitute nor in any way be construed as a term and condition of employment of any Eligible Person. This ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Bornoil Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment;
- (b) this ESOS shall not confer on any person or any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his representatives shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his rights/exercise of his ESOS Options or his rights in Options ceasing to be valid pursuant to the provisions of these By-Laws; and

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- (d) the ESOS Committee or any other party shall in no event be liable to the Grantee or his representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the ESOS Committee or any other party has been advised of the possibility of such damage.

27. RIGHTS OF GRANTEES

- 27.1 The Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlement on his unexercised Options.
- 27.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company in Malaysia.

28. CONSTITUTION

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the ESOS By-laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provision of the By-laws are included pursuant to the Listing Requirements.

29. NOTICE

- 29.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:
 - (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
 - (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
 - (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company.

- 29.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or the Grantee (as the case may be) pursuant to the ESOS, the Company or the ESOS Committee may give such notice

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through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media).

30. GOVERNING LAW AND JURISDICTION

- 30.1 The ESOS and these ESOS By-laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall submit to the exclusive jurisdictions of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of this ESOS By-Laws.
- 30.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non conveniens or any other grounds.

31. SUBSEQUENT AND ADDITIONAL SCHEMES

Subject to the approval of Bursa Securities, any other relevant authorities or prevailing guidelines applicable, the Company may establish a new share option scheme after the expiry date of this ESOS if this ESOS is not renewed or upon termination of this ESOS (in accordance with ESOS By-law 25). Should this ESOS is being renewed (in accordance with ESOS By-law 21 of these ESOS By-laws); a new ESOS may be established upon the expiry of the renewal of this ESOS.

If the Company so wishes, it may implement more than one (1) share issuance scheme provided that the aggregate number of shares available under all the schemes do not breach the limit set out in By-law 4.1 and/or the prevailing Listing Requirements.

32. TAXES

All taxes, including but not limited to income tax, if any, arising from the exercise of any Options under this ESOS shall be borne by the Grantee.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

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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 Main Adviser for the Proposals, 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 Main Adviser to Bornoil for the Proposals.

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:-

	RM'mil
Guarantee provided to financial institutions on behalf of our subsidiaries	20.10
Total	20.10

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 2019 and the latest unaudited quarterly report of our Group for the 6-month financial period ended 31 December 2019;
- iii. The draft New ESOS By-Laws; 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 Friday, 5 June 2020 at 11.00 a.m., for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF NEW EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN BORNOIL (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME ("PROPOSED NEW ESOS")

"**THAT** subject to the approvals of all relevant regulatory authorities and/ or parties being obtained, including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation for the new ordinary shares in Bornoil ("**Bornoil Share(s)**") to be issued arising from the exercise of the options granted under the Proposed New ESOS ("**ESOS Option(s)**"), approval be and is hereby given for the Board of Directors of Bornoil ("**Board**") to:-

- (a) establish, implement and administer the Proposed New ESOS in accordance with the bylaws of the Proposed New ESOS ("**By-laws**"), a draft of which is set out in **Appendix I** of the Circular to the shareholders of the Company dated 22 May 2020 ("**Circular**"), to approve and adopt the By-laws and to give effect to the Proposed New ESOS with full power to assent to any conditions, variations, modifications and/ or amendments as may be required by the relevant authorities;
- (b) make the necessary applications and do all things necessary at the appropriate time or times to Bursa Securities for the listing and quotation for the new Bornoil Shares, which may from time to time be allotted and issued arising from the exercise of the ESOS Options;
- (c) allot and issue such number of new Bornoil Shares from time to time as may be required arising from the exercise of the ESOS Options, **PROVIDED THAT** the total number of new Bornoil Shares, which may be made available under the Proposed New ESOS, shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Proposed New ESOS **AND THAT** the new Bornoil Shares to be issued upon the exercise of the New ESOS Options will, upon allotment, issuance and full payment, rank equally in all respects with the existing Bornoil Shares, save and except that the new Bornoil Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Bornoil Shares pursuant to the Proposed New ESOS. The new Bornoil Shares will be subject to all provision in the Constitution of the Company and Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), if any;
- (d) modify and/ or amend the Proposed New ESOS and/ or the By-laws from time to time provided that such modifications and/ or amendments are permitted and effected in accordance with the provisions of the By-laws relating to modifications and/ or amendments; and

- (e) do all such acts and things, take such steps, execute all such documents and enter into all such arrangements, agreements, deeds and/ or undertakings with any party(ies) as they may deem fit, necessary, expedient and/ or appropriate in order to finalise, implement and/ or give full effect to the Proposed New ESOS and terms of the By-laws with full power to assent to any terms, conditions, modifications, variations and/ or amendments as may be agreed to or required by any relevant authorities or as a consequence of any such requirement as may be deemed necessary and/ or expedient and in the best interest of the Company."

ORDINARY RESOLUTIONS 2 TO 7

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF BORNOIL

"**THAT**, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities for the Proposed New ESOS, including the approval from Bursa Securities for the listing and quotation for the new Bornoil Shares to be issued arising from the exercise of the ESOS Options, having been obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time and from time to time throughout the duration of the Proposed New ESOS, to offer and grant to the following Directors of Bornoil, ESOS Options to subscribe for new Bornoil Shares under the Proposed New ESOS:-

i.	Tan Kok Chor	Ordinary Resolution 2
ii.	Datuk Joseph Lee Yok Min @ Ambrose	Ordinary Resolution 3
iii.	Chan Keng Leong	Ordinary Resolution 4
iv.	Teo Kiew Leong	Ordinary Resolution 5
v.	Seroop Singh Ramday	Ordinary Resolution 6
vi.	Michael Moo Kai Wah	Ordinary Resolution 7

Provided always that:-

- (a) he must not participate in the deliberation or discussion of his own allocation;
- (b) the allocation to him, who either singly or collectively, through person(s) connected to him, holds 20% or more of the total number of issued shares of Bornoil (excluding treasury shares), must not exceed 10% of the total number of new Bornoil Shares to be issued under the Proposed New ESOS; and
- (c) subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-laws of the Proposed New ESOS, the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time.

AND THAT the Board is also authorised to allot and issue the corresponding number of new Bornoil Shares arising from the exercise of the ESOS Options that may be granted to him under the Proposed New ESOS."

By Order of the Board

CHIN SIEW KIM (L.S. 0000982)
ANDREA HUONG JIA MEI (MIA 36347)
Company Secretaries

Labuan F.T.
22 May 2020

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.
- Shareholders/proxies **WILL NOT BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the EGM.
- 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 TIH Online website at <https://tiah.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.
- 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.
- Shareholders of the Company may submit questions to 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 **Wednesday, 3 June 2020 at 11.00 a.m.**
- 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.
- 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 TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Details for the EGM.
- 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 or by electronically lodged.
 - (ii) Online via TIH Online
Register via TIH Online website at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIH 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.
- Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
- Last date and time for lodging the Proxy Form is **Wednesday, 3 June 2020 at 11.00 a.m.**
- 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.
- For the purpose of determining a shareholder who shall be entitled to attend 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 **29 May 2020**. Only a depositor whose name appears therein shall 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 22 May 2020.



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 ("EGM") of Borneo Oil Berhad ("**Company**") to be conducted through live streaming from the Broadcast Venue at Lot 27, Jalan Kolam, 88300 Kota Kinabalu, Sabah on Friday, 5 June 2020 at 11.00 a.m.

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

NO.	RESOLUTION	FOR	AGAINST
1.	PROPOSED NEW ESOS		
2.	PROPOSED ALLOCATION OF ESOS OPTIONS TO TAN KOK CHOR		
3.	PROPOSED ALLOCATION OF ESOS OPTIONS TO DATUK JOSEPH LEE YOK MIN @ AMBROSE		
4.	PROPOSED ALLOCATION OF ESOS OPTIONS TO CHAN KENG LEONG		
5.	PROPOSED ALLOCATION OF ESOS OPTIONS TO TEO KIEW LEONG		
6.	PROPOSED ALLOCATION OF ESOS OPTIONS TO SEROOP SINGH RAMDAY		
7.	PROPOSED ALLOCATION OF ESOS OPTIONS TO MICHAEL MOO KAI WAH		

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 resolutions or abstain from voting as the proxy thinks fit.

• *Strike out whichever is not desired*

Signed this _____ day of _____, 2020

Contact Number: _____

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



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