

**BORNEO OIL BERHAD**  
**[Reg. No. 198901005309 (121919-H)]**  
**(Incorporated In Malaysia)**

**SUMMARY OF KEY MATTERS DISCUSSED AT THE FULLY VIRTUAL EXTRAORDINARY GENERAL MEETING (“EGM”) OF BORNEO OIL BERHAD (“THE MEETING”) HELD ON FRIDAY, 5<sup>TH</sup> JUNE 2020 AT 11:00 A.M. AT LOT 27, JALAN KOLAM, LUYANG, 88300 KOTA KINABALU, SABAH.**

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**1. CHAIRMAN OF THE MEETING**

Datuk Joseph Lee Yok Min @ Ambrose, the Executive Director, was appointed as Chairman of the Meeting.

**2. KEY MATTERS DISCUSSED AT THE EGM**

On 1 June 2020 the Company has received an email from MSWG via their letter dated 28 May 2020 with regards to their queries as follows on ESOS under Borneo Oil Bhd. It was addressed at the EGM for the interests of all shareholders.

**Proposed Termination of Existing ESOS**

I. The Existing ESOS was implemented on 1 August 2017 with 747.76 million new shares issued as at 14 May 2020, representing approximately 14.6% of total number of Borneoil's shares.

a) Q: How many recipients have received ESOS shares under the Existing ESOS throughout the two years 10 months? How many of them were directors and how many were employees of Borneoil?

A: There were a total of 208 recipients during the ESOS period. None of the Directors were offered any ESOS shares.

b) Q: What are the performance metrics or targets set by the ESOS Committee in assessing the eligibility of these recipients?

A: The ESOS committee had in place an established framework of measurement based on Key Performance Indicators (“KPIs”) that takes into account the individual's performance, and of that individual in his

department and overall contribution of the individual's performance to the company as a Group.

- c) Q: Who are the top three individuals who received the highest number of issued ESOS shares? What is the percentage of shares received by the top three individuals under the Existing ESOS program?

A: ESOS shares are part of the remuneration package for rewarding the employees. It is the Company's policy to refrain from open discussion on an individual's remuneration package to avoid negative impact on the employees' motivation. As such, it will not be appropriate for us to disclose the names of the individuals in this EGM.

- d) Q: What are the remarkable contributions of top three recipients that entitle him/her to receive the highest number of shares?

A: The ESOS committee had assessed the KPIs of the recipients and were satisfied with their respective results and performances. Therefore, they were rewarded their share of the ESOS accordingly.

- e) Q: What is the weighted average share price of the issued ESOS shares? What is the total cost of implementing the Existing ESOS program throughout the two years 10 months period?

Please provide breakdown of the costs involved.

A: The weighted average share price was RM0.098 as stated in our FY2018 Annual Report on page 107.

The total costs of implementing the Existing ESOS program amounted to approximately RM180,000.00.

### **Proposed Establishment of New Employees' Share Option Scheme**

- II. In line with better corporate governance, MSWG does not encourage the practice of giving option to independent non-executive directors as they play the governance role (and not an executive role) in the Company and are responsible for monitoring the option allocation to employees and executive directors.

Under the Proposed Allocation of ESOS, there are three independent and non-executive directors (INEDs) namely Tan Kok Chor, Seroop Singh

Ramday, and Michael Moo Kai Wah who are eligible to subscribe for new shares (Resolution 2, 6 and 7, Notice of EGM).

- a) Q: Why is the ESOS extended to the three INEDs since they do not perform executive roles; the directors' fee and other benefits they receive are supposed to be adequate to compensate the services rendered by them?

A: We do not have a history of allotting ESOS shares to INEDs. The resolutions 2, 6 & 7 are to facilitate the Rules and Conduct of Compliances, should such a need arises.

- b) Q: It is stated that the Proposed ESOS is to recognize and reward the Eligible Persons (including non-executive directors) for their contributions and services to Bornoil (page 6 of the Circular on Proposed Termination of Existing ESOS and Proposed New ESOS).

What were the performance metrics adopted by the ESOS Committee to assess the eligibility of INEDs under the Existing ESOS? Are such metrics applicable to INEDs under the Proposed New ESOS?

A: There is no defined set of performance metrics for the INEDs since we do not have a history of allotting ESOS to INEDs. A set of performance metrics for INEDs will be formulated if such a need arises.

- c) Q: Is it feasible for the Company to grant shares to non-executive directors based on a target Ringgit value rather than a specified number of shares as price of shares fluctuates from time to time?

A: We do not have a history of granting allotment of ESOS to INEDs.

- III. Q: Given that all the six directors are interested parties in the ESOS (Resolution 2 to 7, Notice of EGM), who will be the members of the ESOS Committee which is tasked to assess the eligibility of the recipient and to decide on the number of shares?

A: We do not have a history of allotting ESOS shares to INEDs. The resolutions 2, 6 & 7 are to facilitate the Rules and Conduct of Compliances, should such a need arises.

### **3. FURTHER QUESTIONS RAISED FROM OTHER SHAREHOLDERS ONLINE DURING EGM**

i) Q: What is the expansion of Sugar bun?

A: The food franchise division has been actively collaborating with government agencies such as PNS, Matrade, MFA and other private bodies in various trade shows to promote and raise brand awareness among industry professionals and presenting networking opportunities, domestic and overseas. In our business model of franchising, we are not able to give a predictable forecast on the number of new outlets particularly the negative impact caused by COVID 19 to the business environment.

ii) Q: Why share price could be so low? 3 cts? Could you improve the management performance?

A: The COVID-19 pandemic is still raging globally and coupled with the deteriorating US-China Tensions, we are going to see depressed share prices in the short term until there are signs of recovery from this economic situation. We had already put in-place a plan in the pipeline for long-term sustainable growth for the Group and we will make the necessary announcement in due time if the new development materialised.

iii) Q: There is a request addressed to the BOD to consider reimbursing by way of e-vouchers the cost incur by shareholders to participate in the live streaming of this egm and remotely voting. Thank you.

A: The Company normally provide light refreshments during our physical general meeting. As for this virtual EGM, there was minimal to no costs involved for the shareholders to participate in this event. However, the Company do hear their request and we will forward this to the management for their deliberations.

iv) Q: What is the next good news for share price?

A: We had already put in-place a plan in the pipeline for long-term sustainable growth for the Group and we will make the necessary announcement in due time if the new development materialised.

v) Q: The Company stated that it does not have a history of granting ESOS to INEDs, but since resolutions are put to approve such allocation (if it arises), what is the alternative plan of the Company to address questions raised by MSWG eg: who will be the member of the ESOS committee to assess the eligibility of the recipients?

A: We do not have a history of allotting ESOS shares to INEDs. The resolutions 2, 6 & 7 are to facilitate the Rules and Conduct of Compliances, should such a need arises.

vi) Q: On the question raised on proposed termination of existing ESOS, while it is not fair for Bornoil to disclose the name of the top three individuals who received the highest number of ESOS shares, is there any Board of Director among the top recipients? If yes, who are them?

A: There was no director who was the recipient of the ESOS shares as mentioned earlier on our reply to MSWG. ESOS shares are part of the remuneration package for rewarding the employees. It is the Company's policy to refrain from open discussion on an individual's remuneration package to avoid negative impact on the employees' motivation. As such, it will not be appropriate for us to disclose the names of the individuals' in the EGM.

#### **4. ORDINARY RESOLUTIONS 1 TO 7**

The following Ordinary Resolutions were duly conducted through live streaming (i.e. virtual meeting from the Broadcast Venue) by way of Remote Participation and Voting Facilities:-

- **ORDINARY RESOLUTION 1**

Proposed new ESOS

- **ORDINARY RESOLUTION 2**

Proposed allocation of ESOS options to Tan Kok Chor

- **ORDINARY RESOLUTION 3**

Proposed allocation of ESOS options to Datuk Joseph Lee Yok Min @ Ambrose

- **ORDINARY RESOLUTION 4**

Proposed allocation of ESOS options to Chan Keng Leong

- **ORDINARY RESOLUTION 5**

Proposed allocation of ESOS options to Teo Kiew Leong

- **ORDINARY RESOLUTION 6**

Proposed allocation of ESOS options to Seroop Singh Ramday

- **ORDINARY RESOLUTION 7**

Proposed allocation of ESOS options to Michael Moo Kai Wah

## 5. DETAILS OF POLL RESULTS

The details of the poll results of each of the Resolutions tabled at the EGM, were validated by Leou Associates PLT, an Independent Scrutineer and henceforth declared carried as follows, by the Chairman of the Meeting.

Resolutions	For		Against		Results
	Number of shares	Percentage of votes	Number of shares	Percentage of votes	
Ordinary Resolutions					
1	1,916,656,639	99.983	324,502	0.017	Carried
2	1,916,656,539	99.983	324,602	0.017	Carried
3	1,831,114,539	99.982	324,502	0.018	Carried
4	1,916,656,639	99.983	324,502	0.017	Carried
5	1,916,656,639	99.983	324,502	0.017	Carried
6	1,916,656,539	99.983	324,602	0.017	Carried
7	1,916,656,539	99.983	324,602	0.017	Carried

## 6. CONCLUSION OF MEETING

There being no other business, the Chairman declared the Meeting closed at 12:15 p.m.