

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

**SUMMARY OF KEY MATTERS DISCUSSED AT THE VIRTUAL EXTRAORDINARY GENERAL MEETING OF BORNEO OIL BERHAD (“THE MEETING”) HELD ON MONDAY, 25<sup>TH</sup> JANUARY 2021 AT 3:00 P.M. AT THE BROADCAST VENUE AT LOT 27, JALAN KOLAM, 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 (“Chairman of the Meeting”).

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

There were few questions raised by MSWG to be addressed at the meeting with regards to:

**Proposed Subscription of up to 1,205,827,550 new ordinary shares in Borneoil by Macquarie Bank Limited**

- 1) Q: Borneoil Group will earmark up to RM10.00 million from the RM43.41 million raised from the Proposed Subscription to expand and to identify any new business opportunities within the Food and Franchise Operations (FFO) business segment.

Since Borneoil already has a number of brands under its portfolio, e.g., Broasted Chicken, Borneo Eco Fish, Hot Saucy Kano under the SugarBun brand, and "Sarawak Laksa", "Fisherman's Favourite" and "Chicken Rendang" pizzas under Pezzo, what are the other business segments that Borneo Oil intends to explore?

- A: The Group will continue to explore and develop new recipes and menus within our FFO business segment. Apart from the new chilli sauce brand under "Sabasco Premium Sabah Borneo", we are developing “Heart of Palm” for our menu which boasts a remarkable low-fat content and provides several minerals, such as potassium, iron, copper, phosphorus and zinc. Through our R&D, we will be developing our own self-heating food or hot pot to cater for the busy working class. On top of that, we will be packaging the famous giant Grouper Fish Fillet, Head and Ribs, Sabah Mackerel, Eco Tilapia Fish, Sea Bird’s Nest for immediate cooking for the convenience of our customers.

We intend to market them at our F&B outlets as well as through an online platform. In conjunction with this plan, we intend to partner with online delivery service providers in Malaysia for the delivery service of the online orders made by our customers.

- 2) Q: Bornoil will also earmark RM0.75 million to set up and construct 5 new shared kitchen space within Malaysia, whereby the F&B merchants (i.e. the F&B outlets and/ or service providers) may rent the shared kitchen space to prepare the foods for delivery orders made online with Foodpanda. Then, the Foodpanda rider will collect the delivery orders made from the food merchants gathered in the shared kitchen space and to deliver to the end-customers.

Apart from receiving rental income from the tenants of the shared kitchen space, how does the new set-up contribute to Bornoil's financial performance?

- A: We have identified several ideal locations in Malaysia and working in synergy with business partners such as "Foodpanda" and "Kitchen Connect". Our first virtual kitchen location will be in the affluent and exclusive neighbourhood of Mont Kiara, a township known for its high-end residential buildings and its commercial office complexes.

Due to COVID-19 pandemic, online ordering and delivery services are much sought after services and have become a norm lifestyle in order to avoid the potential of infection when dining in. Working in synergy with such established brands will enable us to capitalise on their established customers' base and increase our revenue.

Our virtual kitchens are state of the art and are optimised for food delivery businesses. There will be no rental payable on the premises and we pay only a minimal 30% commission for delivery. There will be enormous cost savings to the Group as the shared kitchen space is built by Foodpanda.

We have envisaged improving our branding and penetration level to the local population through such collaboration and spread our businesses to other states in Malaysia.

- 3) Q: The Company plans to spend another RM1 million of the RM43.41 million raised to set up a central kitchen in Kuala Lumpur for the purpose of supplying the main ingredients of SugarBun, which will be distributed to all SugarBun outlets in West Malaysia. There are only five Sugarbun and Broasted by Sugarbun outlets in Peninsular Malaysia, as compared total 81 outlets in Malaysia, Bangladesh and Brunei (Source: Sugarbun's official website [www.sugarbun.com](http://www.sugarbun.com)).

Given the low number of outlets in West Malaysia, how does the proposed new central kitchen in West Malaysia achieve the required economies of scale? How much cost savings does Bornoil expect to achieve from the setup of this new central kitchen?

- A: In line with our expansion plan, we have plans in the pipeline to expand the existing 5 outlets in West Malaysia. In any franchised businesses, there are "contractual or controlled items" where franchised outlets must purchase from the franchisor. These controlled items are processed, packed and distributed by the central kitchen to support these franchised outlets.

Currently, the franchised outlets in West Malaysia are producing part of the main ingredients of SugarBun from their respective outlets. To ensure the

consistency of taste and quality, the new central kitchen will process and supply the main ingredients to all SugarBun outlets and will also serve as the warehouse to store the main ingredients.

The new central kitchen will achieve the economies of scale from bulk orders and central processing and benefits from lower logistic costs and man-hours saved.

- 4) Q: In addition, Bornoil plans to spend RM4.55 million to acquire a piece of land with an estimated size of 44,000 square feet, and to construct a standalone outlet to house all the foods brands under Bornoil Group.

What are the other options (e.g., leasing) being explored, to reduce the upfront cost and capital expenditure to establish this new outlet, especially given the current challenging economy environment?

- A: Whilst we had explored the option of leasing, it may not be a viable proposal to incurred a construction cost of RM2.00 million out of RM4.55 million capital expenditure on a land which does not belong to the Group.

Given the current challenging environment, the proposed development and construction project of our very own flagship restaurant in Kota Kinabalu, Sabah represents an investment opportunity on commercial property with a view on capital appreciation should there be a reasonable offer arising from this crisis.

### 3. ORDINARY RESOLUTION

The following Ordinary Resolution was duly passed and approved by the Shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company:-

- Proposed subscription of up to 1,205,827,550 new ordinary shares in Borneo Oil Berhad ("BORNOIL") by Macquarie Bank Limited.

### 4. DETAIL OF VOTING RESULTS

The detail of the voting results of the Ordinary Resolution as 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.

Resolution	Vote For		Vote Against	
	No. of shares	%	No. of shares	%
Ordinary 1	1,778,027,339	99.8075	3,429,500	0.1925

### 5. CONCLUSION OF MEETING

There being no other business, the Chairman declared the Meeting closed at 3:58pm.