

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

**SUMMARY OF KEY MATTERS DISCUSSED AT THE EXTRAORDINARY GENERAL MEETING OF BORNEO OIL BERHAD (“THE MEETING”) HELD ON THURSDAY, 19<sup>TH</sup> DECEMBER 2024, IMMEDIATELY AFTER THE CONCLUSION OF THE 40TH AGM AT MEZZANINE FLOOR, SHELL PLAZA, 29, JLN. TUNKU ABDUL RAHMAN, PUSAT BANDAR, 88000 KOTA KINABALU, SABAH**

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**1. CHAIRMAN OF THE MEETING**

Mr. Tan Kok Chor, the Non-Independent Non-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 present at the meeting with regards to:-

**Proposed Termination of Existing Employees’ Share Option Scheme (ESOS)**

- 1) The Existing ESOS was implemented on 22 June 2020 with 1.795 billion ESOS options exercised, representing approximately 14.97% of total number of Borneoil’s issued shares (page 6 of Borneoil’s Circular dated 30 October 2024).

- a) How many recipients have received ESOS shares under the Existing ESOS? How many of them were directors and how many were employees of Borneoil?

**Answer:** A total of 50 employees exercised ESOS shares under the Existing ESOS. All recipients of the ESOS were employees of Borneoil, and none were directors.

What are the performance metrics or targets imposed upon these recipients?  
Please provide some examples of the Key Performance Indicators (KPIs).

**Answer:** Some of the considerations taken under the KPIs include job performance, company financial performance, contributions to operational efficiency, leadership and responsibilities, among others.

- b) What is the percentage of shares received by the top five individuals under the Existing ESOS program?

**Answer:** The total percentage of shares received by the top five individuals represent 24.2%.

With that, what are the outstanding contributions of these recipients that entitle them to receive higher than others allocation of ESOS?

**Answer:** The higher allocation of ESOS is awarded to individuals who have met the required KPIs and performed well under the performance metrics.

- c) What is the weighted average share price of the total issued ESOS shares? Additionally, what is the total cost of implementing the Existing ESOS program?

Answer: The weighted average share price of the total issued ESOS shares is RM0.0256. The total cost for the implementation of the Existing ESOS program was RM89,000.

Please explain the utilization of the costs involved.

Answer: The entire proceeds have been fully utilised for working capital purposes.

### **Proposed Establishment of New ESOS**

- 1) The Company seeks shareholders' approval to allocate ESOS Options to three independent and non-executive directors (INEDs) - Mr Seroop Singh Ramday, Ms Susie Chung Kim Lan and Ms Siti Ainee Hanum Suhaidi (Resolution 5, 7 and 9, Notice of EGM dated 30 October 2024).

The Proposed ESOS is extended to NEDs in recognition of their contributions towards the growth and performance of the Group (page 15 of Bornoil's Circular).

However, in line with better corporate governance, MSWG does not encourage the practice of giving ESOS options to INEDs as they play the governance role (and not an executive role) in the Company. Furthermore, the NEDs are responsible for monitoring the option allocation to employees and executive directors.

- a) Given directors' fees and other benefits are supposed to be adequate to compensate for the services rendered by INEDs, why is the new ESOS extended to them, more so when they do not perform executive roles?

Answer: We have yet to establish a formal policy regarding the allocation of ESOS to Independent Non-Executive Directors (INEDs). These proposals have been put forward for voting as an award of options to the INEDs, serving as a token of appreciation and recognition for their contributions to the Board.

The options granted to INEDs will not constitute, either individually or collectively, a significant portion of the total ESOS Options available under the new ESOS.

Additionally, pursuant to Paragraph 8.20 of the Listing Requirements, a retention period will be imposed on the INEDs of the Bornoil Group, whereby they shall not sell, transfer, or assign the Bornoil Shares acquired through the exercise of the ESOS Options within one (1) year from the Date of Offer.

It is important to highlight that the allocation of ESOS Options to INEDs is permitted under the Main Market Listing Requirements, subject to shareholder approval at a general meeting. Moreover, based on past ESOS exercises on Bursa Securities, it is a common practice for other listed companies to award options to their INEDs.

- b) What are the performance metrics adopted by the ESOS Committee to assess the eligibility of INEDs and the size of options granted to them under the Existing ESOS? Are such metrics applicable to INEDs under the new ESOS?

Answer: Under the Existing ESOS scheme, directors were not eligible to receive ESOS awards. Therefore, the ESOS Committee did not adopt any performance metrics to assess the eligibility of the Independent Non-Executive Directors (INEDs).

However, with the implementation of the New ESOS, which allows for the awarding of ESOS to INEDs, the ESOS Committee will establish performance metrics. These metrics will be guided by key aspects, including the INEDs' contributions, individual knowledge and experience, as well as their calibre and skill sets that add value to the Company.

### **Additional questions raised during the EGM**

- 1) How is Borneoil going to address the corporate governance conflicts for awarding the ESOS to INEDs?

Answer: We acknowledge that the award of ESOS to INEDs is generally discouraged under good corporate governance practices. However, the ESOS provides an alternative means for the Company to reward INEDs as a token of appreciation for their valuable contributions to the Board.

The allocation of ESOS to INEDs will be modest, ensuring it does not compromise their independence. Furthermore, the award aligns the interests of INEDs with those of other shareholders, fostering a shared commitment to the Company's long-term success and sustainability.

*Note: This has been replied officially via Borneo Oil Berhad's Letter addressed to MSWG.*

### **3. ORDINARY RESOLUTIONS 1 TO 9**

The following Ordinary Resolutions were duly conducted by way of poll voting by shareholders present at the AGM:-

- **ORDINARY RESOLUTION 1**  
Proposed Bonus Issue of Warrants.
- **ORDINARY RESOLUTION 2**  
Proposed New ESOS.
- **ORDINARY RESOLUTION 3**  
Proposed Allocation of ESOS Options to Tan Kok Chor.
- **ORDINARY RESOLUTION 4**  
Proposed Allocation of ESOS Options to Datuk Joseph Lee Yok Min @ Ambrose.
- **ORDINARY RESOLUTION 5**  
Proposed Allocation of ESOS Options to Seroop Singh Ramday.
- **ORDINARY RESOLUTION 6**  
Proposed Allocation of ESOS Options to Georgia Suzanne Lingam @ Georgianne.

- **ORDINARY RESOLUTION 7**  
Proposed Allocation of ESOS Options to Susie Chung Kim Lan.
- **ORDINARY RESOLUTION 8**  
Proposed Allocation of ESOS Options to Sri Ganesh A/L K Balasubramaniam.
- **ORDINARY RESOLUTION 9**  
Proposed Allocation of ESOS Options to Siti Ainee Hanum Binti Suhaidi.

#### 4. DECLARATION 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	Voted For		Voted Against	
	No. of shares	%	No. of shares	%
<b>Ordinary 1</b>	2,681,580,925	99.3385	17,856,550	0.6615
<b>Ordinary 2</b>	2,681,580,925	99.3385	17,856,550	0.6615
<b>Ordinary 3</b>	2,681,580,925	99.3385	17,856,550	0.6615
<b>Ordinary 4</b>	2,213,183,575	99.1996	17,856,550	0.6615
<b>Ordinary 5</b>	2,681,580,925	99.3385	17,856,650	0.6615
<b>Ordinary 6</b>	2,681,580,925	99.3385	17,856,550	0.6615
<b>Ordinary 7</b>	2,681,580,925	99.3385	17,856,650	0.6615
<b>Ordinary 8</b>	2,681,580,925	99.3385	17,856,550	0.6615
<b>Ordinary 9</b>	2,681,580,925	99.3385	17,856,650	0.6615

#### 5. CONCLUSION OF MEETING

There being no other business, the Chairman declared the Meeting closed at 12:05 p.m.