

Business News

[Home](#) > [Business](#) > [Business News](#)

Borneo Oil to raise RM223m from rights issue, warrants

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KUALA LUMPUR: Borneo Oil Bhd is undertaking a corporate exercise involving the issuance of rights shares and free warrants which it targets to raise at least RM223.39mil.

Borneo Oil said on Monday the corporate exercise involved a right issue of up to 2.37 billion rights shares at an indicative issue price of 10 sen with up to 1.186 billion free Warrants C.

The rights issue would on the basis of six rights shares for every one existing share held and the free warrants would be one warrant for every two rights shares subscribed for.

For illustrative purposes, the indicative issue price of 10 sen per rights share was a discount of 41.11% to the theoretical ex-rights price (TERP) of 16.98 sen. This is based on the five-day weighted average market price of the shares up to and including the last practical date of 79.80 per share.

Borneo Oil added that for illustrative purposes only, the exercise price of the Warrants C is assumed to be 10 sen, which is a discount of about 41.11% to the TERP of Borne Oil shares of 16.98 sen.

Meanwhile, the funds raised are intended to be utilised for gold mining operations, limestone mining operations, fast food operations, future investments, repayment of borrowings and the estimated expenses with relations to proposed rights issue and warrants.

However, the company added that the entitlement date for the corporate exercise would be determined later.

Borneo Oil said its substantial shareholders, Victoria Ltd and Hap Seng Insurance Services Sdn Bhd had given their irrevocable undertakings to subscribe in full for their entitlements under the proposed rights issue with warrants totaling RM94.27mil.

Victoria's entitlement would see it forking out RM56.92mil and Hap Seng Insurance RM37.34mil.