

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

All enquiries concerning the Rights Issue with Warrants-C should be addressed to our Share Registrar, Sctrars Management Sdn Bhd at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur (Tel No: +603-2276 6138).

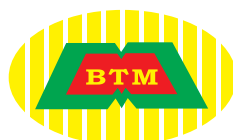
This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends this Rights Issue with Warrants-C or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue with Warrants-C. A copy of this Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these Documents.

Approval for this Rights Issue with Warrants-C has been obtained from our shareholders at our EGM held on 23 August 2022. Approval has also been obtained from Bursa Securities via its letter dated 26 July 2022 for the admission of the Warrants-C to the Official List of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants-C, additional Warrants-B as well as new Shares to be issued pursuant to the exercise of the additional Warrants-B and Warrants-C on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares and Warrants-C will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited with the Rights Shares and Warrants-C allotted to them and notices of allotment have been despatched to them. However, the approval from Bursa Securities for the admission of the Rights Shares and Warrants-C to the Official List of Bursa Securities as well as the listing of and quotation for the new securities on the Main Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue with Warrants-C.

The Documents are only despatched to Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 15 December 2022. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants-C complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants-C would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 9.11 of this Abridged Prospectus. Our Company, our Principal Adviser, Underwriter and other professional advisers shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Shares with Warrants-C made by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.



BTM RESOURCES BERHAD

(Registration No. 199401018283 (303962-T))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,183,929,204 NEW ORDINARY SHARES IN BTM RESOURCES BERHAD ("BTM" OR THE "COMPANY") ("BTM SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.08 PER RIGHTS SHARE TOGETHER WITH UP TO 394,643,068 FREE DETACHABLE WARRANTS IN BTM ("WARRANTS-C") ON THE BASIS OF 6 RIGHTS SHARES FOR EVERY 1 EXISTING BTM SHARE TOGETHER WITH 1 WARRANT-C FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR, AT 5.00 P.M. ON THURSDAY, 15 DECEMBER 2022 ("RIGHTS ISSUE WITH WARRANTS-C")

Principal Adviser and Underwriter



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Thursday, 15 December 2022 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Wednesday, 28 December 2022 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Friday, 30 December 2022 at 4.30 p.m.
Last date and time for acceptance and payment	: Friday, 6 January 2023 at 5.00 p.m.
Last date and time for excess application and payment	: Friday, 6 January 2023 at 5.00 p.m.

This Abridged Prospectus is dated 15 December 2022

All terms and abbreviations herein shall have the same meaning as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

RESPONSIBILITY STATEMENTS

OUR DIRECTORS HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS-C. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

M&A SECURITIES SDN BHD, BEING THE PRINCIPAL ADVISER AND UNDERWRITER FOR THIS RIGHTS ISSUE WITH WARRANTS-C, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS-C.

OTHER STATEMENTS

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS-C, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS-C UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THESE DOCUMENTS.

DEFINITIONS

EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES, THE FOLLOWING DEFINITIONS AND ABBREVIATIONS SHALL APPLY THROUGHOUT THIS ABRIDGED PROSPECTUS, NPA AND RSF:

“Abridged Prospectus”	: This Abridged Prospectus issued by BTM dated 15 December 2022 in relation to the Rights Issue with Warrants-C
“Act”	: Companies Act 2016
“Authorised Nominee(s)”	: A person(s) who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“Biomass Energy Business” or “Project”	: The financing, design, supply, build, own, operation and maintenance of the Biomass Power Plant to supply 10 MW per hour of electricity to TNB under its FiT system for a period of 21 years commencing no later than 23 July 2023
“Biomass Power Plant”	: 10 MW biomass renewable electrical power plant and related facilities to be constructed on the Teluk Kalong Land
“Board”	: Board of Directors of BTM
“BTMBP”	: BTM Biomass Products Sdn Bhd, a wholly-owned subsidiary of BTM (Registration No. 199701034582 (450081-D))
“BTM” or “Company”	: BTM Resources Berhad (Registration No. 199401018283 (303962-T))
“BTM Group” or “Group”	: BTM and its subsidiaries, collectively
“BTM Share(s)” or “Share(s)”	: Ordinary share(s) in BTM
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“By-Laws”	: The rules, terms and conditions governing the LTIP as may be modified, amended, varied or supplemented from time to time
“CDS Account(s)”	: Central depository system account(s), which is/are a securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the rules of Bursa Depository for the recording of depositors of securities and for dealings in such securities by the depositor
“Chenderong Concession”	: A parcel of land in the Mukim of Tebak/Bandi, District of Kemaman, Terengganu measuring approximately 63,448 acres (equivalent to 25,676.495 hectares). The whole of Chenderong Concession is made up of 20 blocks comprising 76 lots. Its border runs along the Kemaman river with the Sungai Nipah Forest Reserve to its west and the Cherul Forest Reserve to its east. The Chenderong Concession is situated about 45 km west of the Chukai town and about 90 km of Kuantan town

DEFINITIONS (cont'd)

“Closing Date”	: Friday, 6 January 2023 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares and the Excess Rights Shares with Warrants-C
“CMSA”	: Capital Markets and Services Act, 2007
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016
“Constitution”	: Constitution of our Company
“COVID-19”	: Coronavirus Disease 2019
“Dato’ Seri Yong”	: Dato’ Seri Yong Tu Sang, the Managing Director of BTM
“Deed Poll B”	: Deed Poll constituting the Warrants-B dated 12 September 2014
“Deed Poll C”	: Deed poll dated 25 November 2022 constituting the Warrants-C and governing the rights of Warrant holders
“Directors”	: A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2(1) of the Act and Section 2(1) of the CMSA
“Diversification”	: Diversification of the business activities of BTM Group into the renewable energy business including the construction and operations of Biomass Power Plant
“Documents”	: Collectively, this Abridged Prospectus and the accompanying NPA and RSF
“e-NPA”	: Electronic NPA
“e-RSF”	: Electronic RSF
“e-Subscription”	: Method available for our Entitled Shareholders to subscribe for the Provisional Rights Shares with Warrants-C and to apply for the Excess Rights Shares with Warrants-C electronically via “Sectrars Online”
“EGM”	: Extraordinary general meeting
Eligible Person(s)	: Director(s) and employee(s) of BTM Group who meet the eligibility criteria for participation in the LTIP in accordance with the By-Laws
“Entitled Shareholders”	: Shareholders of BTM whose names appear in the Record of Depositors of BTM on the Entitlement Date
“Entitlement Date”	: At 5.00 p.m on 15 December 2022, being the time and date which the Entitled Shareholders must appear in the Record of Depositors of BTM in order to be entitled to participate in the Rights Issue with Warrants-C
“EPCC”	: Engineering, procurement, construction and commissioning
“EPS”	: Earnings per Share

DEFINITIONS (cont'd)

"ESGS Grants"	:	The award of such number of BTM Shares to an Eligible Person in the manner and subject to the terms and conditions of the By-Laws
"ESOS Grants"	:	The award of such number of ESOS Options to an Eligible Person to subscribe for BTM Shares at the Option Price in the manner and subject to the terms and conditions provided in the By-Laws
"ESOS Grantees"	:	Eligible Person(s) who has accepted the ESOS Option(s) in the manner provided in the By-Laws
"ESOS Options"	:	Employees share options
"Excess Rights Share(s) with Warrant(s)-C"	:	Rights Share(s) together with Warrant(s)-C which are not taken up or not validly taken up by the Entitled Shareholder(s) and/or their renouncee(s) and/or transferee(s) (if applicable) prior to the Closing Date
"FIT"	:	Feed-in Tariff
"FPE"	:	Financial period ended/ending
"FYE"	:	Financial year ended/ending 31 December, where relevant
"Government"	:	Government of Malaysia
"IMR" or "Providence"	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A))
"IMR Report"	:	Independent market research report titled "Independent Market Research Report on the Timber, and Renewable Energy and Biomass Industries in Malaysia" prepared by the IMR dated 22 November 2022
"km"	:	Kilometres
"kV"	:	Kilovolt
"kWh"	:	Kilowatt hour
"LAT"	:	Loss after tax
"Lease Agreement"	:	Lease agreement dated 12 December 2021 entered into between BTMBP and PMINT for the Lease of Teluk Kalong Land
"Lease of Teluk Kalong Land"	:	Lease of Teluk Kalong Land for the Total Lease Consideration
"LPD"	:	16 November 2022, being the latest practicable date prior to the issuance of this Abridged Prospectus
"LPS"	:	Loss per Share

DEFINITIONS (cont'd)

"LTIP"	:	Establishment and implementation of a long-term incentive plan of up to 15.0% of our Company's total issued share capital (excluding treasury shares) at any point in time over the duration of the long-term incentive plan for the Eligible Persons, which comprises employees' share option scheme and executive share grant scheme
"MAIDAM"	:	Majlis Agama Islam dan Adat Melayu Terengganu, the legal owner of the Chenderong Concession
"Main Market LR"	:	Main Market Listing Requirements of Bursa Securities
"Market Day(s)"	:	A day on which the stock market of Bursa Securities is open for trading of securities
"Maximum Gross Proceeds"	:	Maximum gross proceeds of up to RM94.71 million to be raised under the Maximum Scenario under the Rights Issue with Warrants-C
"Maximum Scenario"	:	Assuming the full exercise of Warrants-B and all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants-C
"MBSB"	:	MBSB Bank Berhad (Registration No. 200501033981 (716122-P))
"MCO"	:	Movement control order
"Minimum Gross Proceeds"	:	Minimum gross proceeds of up to RM62.00 million to be raised under the Minimum Scenario under the Rights Issue with Warrants-C
"Minimum Scenario"	:	Assuming no Warrants-B are exercised into new BTM Shares prior to the Entitlement Date, and 775,000,000 Rights Shares and 258,333,333 Warrants-C are issued pursuant to the Rights Issue with Warrants-C
"MITI"	:	Ministry of International Trade and Industry
"MT"	:	Metric tonnes
"MW"	:	Megawatts
"M&A Securities" or "Principal Adviser" or "Underwriter"	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"NA"	:	Net assets
"NPA"	:	Notice of provisional allotment of Rights Shares with Warrants-C pursuant to the Rights Issue with Warrants-C
"Offer"	:	Collectively, the ESGS Grants and ESOS Grants
"Option Price"	:	The price at which ESOS Grantee(s) shall be entitled to subscribe for BTM Shares upon the exercise of ESOS Option(s), as initially determined and as may be adjusted, pursuant to the provisions of the By-Laws
"PAT"	:	Profit after tax

DEFINITIONS (cont'd)

"PBT"	: Profit before tax
"Plantation Lands"	: Secondary forest land measuring approximately 2,255.33 hectares (5,572.912 acres) identified as Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32) located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman
"PMINT"	: Perbadanan Memajukan Iktisad Negeri Terengganu
"Proposals"	: Collectively, the Lease of Teluk Kalong Land, the Sublease, Diversification, Rights Issue with Warrants-C and LTIP
"Provisional Rights Shares with Warrants-C"	: Rights Shares with Warrants-C provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants-C
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository
"REPPA"	: Renewable energy power purchase agreement dated 23 July 2020 entered into between BTMBP and TNB for a FiT concession period of 21 years for electricity to be generated from the Biomass Power Plant
"Rights Share(s)"	: Up to 1,183,929,204 new BTM Share(s) to be issued pursuant to the Rights Issue with Warrants-C
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"RPM"	: Revolutions per minute
"RSF"	: Rights subscription form in relation to the Rights Issue with Warrants-C
"Rules"	: The Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
"SC"	: Securities Commission Malaysia
"SEDA"	: Sustainable Energy Development Authority
"Share Registrar"	: Sectors Management Sdn Bhd (Registration No. 201501002558 (1127890-P))
"SICDA"	: Securities Industry (Central Depositories) Act, 1991
"SPPT"	: SPPT Development Sdn Bhd (Registration No. 198401012504 (125060-D))
"sq m"	: Square metres
"SSB"	: Samaiden Sdn Bhd, a wholly-owned subsidiary of Samaiden Group Berhad (Registration No. 201301016493 (1046326-H))
"Sublease"	: Sublease of the Plantation Lands for a period of approximately 63 years expiring on 30 December 2084 from SPPT for the Sublease Consideration
"Sublease Agreement"	: Conditional sublease agreement dated 20 January 2022 entered into between BTMBP and SPPT for the Sublease

DEFINTIIONS (cont'd)

“Sublease Consideration”	: Sublease consideration of RM24,700,000 for the Plantation Lands
“Supplemental Letter”	: Supplemental letter to the Sublease Agreement dated 12 July 2022 entered into between BTMBP and SPPT for the Sublease
“TAA”	: Tis `Ata Ashar Sdn Bhd, who assigned all of the rights and interest into SPPT vide a Deed of Assignment dated 21 November 1995
“TEAP”	: Theoretical ex-all price
“TERP”	: Theoretical ex-rights price
“Teluk Kalong Land”	: A piece of vacant leasehold industrial land measuring a total of 80 acres (323,748.514 sq m) in area within the vicinity of Lot 153-C, Teluk Kalong in the Mukim of Hulu Cukai, District of Kemaman, Terengganu Darul Iman
“TNB”	: Tenaga Nasional Berhad
“Total Lease Consideration”	: Total lease consideration of RM15,863,677 for Phase 1, Phase 2 and Phase 3 to be paid by BTMBP to PMINT for the Lease of Teluk Kalong Land
“Undertaking”	: Irrevocable and unconditional written undertakings provided by the Undertaking Shareholders to subscribe for their entitlement of Rights Shares and excess applications
“Underwriting Agreement”	: Underwriting agreement dated 9 November 2022 entered into between our Company and the Underwriter for the underwriting of the remaining 484,706,987 Rights Shares of which no irrevocable and unconditional undertaking has been obtained
“Undertaking Shareholders”	: Collectively, Dato’ Seri Yong, Datin Seri Ng Ah Heng, Yong Emmy, Yong Ellen, Tan Kha Luong and Confirmed Uptrend Sdn Bhd
“Warrants-B”	: 26,295,146 outstanding warrants 2014/2024 as at the LPD
“Warrants-C”	: Up to 394,643,068 free detachable warrant(s) to be issued pursuant to the Rights Issue with Warrants-C
“Warrants-C Exercise Price”	: RM0.10, being the exercise price at which 1 Warrant is exercisable into 1 new BTM Share, subject to adjustments in accordance with the provisions of the Deed Poll C
“Wood Waste Products”	: Wood waste products comprising of primary or by-products to be used as biomass such as sawdust, wood chips, wood scrap, bark, slab and other raw materials excluding leaves and/or other foreign elements
“5D-VWAMP”	: 5-day volume weighted average market price

DEFINITIONS (cont'd)

In this Abridged Prospectus, all references to “we”, “us”, “our” and “ourselves” are to our Company and save where the context otherwise requires, our subsidiaries. All references to “you” in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Unless otherwise stated and wherever applicable, the amounts represented in this Abridged Prospectus have been rounded to the nearest whole cent, for ease of reference.

Any reference in this Abridged Prospectus to any statute, guideline, listing requirement or enactment shall be a reference to such statute, guideline, listing requirement or enactment for the time being in force or as amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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ADVISERS' DIRECTORY

- COMPANY SECRETARIES** : **Chong Seok Tian**
(SSM Practicing Certificate No. 202008002866)
(MIA 2502)
- Wong Youn Kim**
(SSM Practicing Certificate No. 201908000410)
(MAICSA 7018778)
- Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
- Telephone number: 03-2280 6388
- PRINCIPAL ADVISER AND UNDERWRITER** : **M&A Securities Sdn Bhd**
- Level 11, No. 45 & 47
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone number: 03-2284 2911
- SOLICITORS** : **David Lai & Tan**
- Level 8-3 & 8-4, Wisma Miramas
No 1, Jalan 2/109E
Taman Desa
Jalan Klang Lama
58100 Kuala Lumpur
- Telephone number: 03-7972 7968
- SHARE REGISTRAR** : **Sectrars Management Sdn Bhd**
- Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur
- Telephone number: 03-2276 6138
- REPORTING ACCOUNTANTS AND AUDITORS** : **Folks DFK & Co (AF 0502)**
- 12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
- Telephone number: 03-2273 2688
- Partner's name: Ng Yong Chin
License number: 03051/05/2023 J
Malaysian Institute of Accountant's membership
number: 12137

ADVISERS' DIRECTORY (*cont'd*)

INDEPENDENT MARKET RESEARCHER : **Providence Strategic Partners Sdn Bhd**

67-1, Block D, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor, Malaysia

Telephone number: 03-7625 1769

Executive Director's name: Melissa Lim
*(Bachelor of Commerce from Murdoch University,
Australia)*

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS-C

THIS SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS-C ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THE ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

Information	Summary								
Summary	<p>Basis of the Rights Issue : 6 Rights Shares for every 1 BTM Share held, together with 1 with Warrants-C Warrants-C for every 3 Rights Shares subscribed</p> <p>Number of Right Shares : Up to 1,183,929,204 Rights Shares and 394,643,068 Warrants-C and Warrants-C</p> <p>Amount to be raised : (i) RM62.00 million under the Minimum Scenario; and under the Rights Issue (ii) Up to RM94.71 million under the Maximum Scenario with Warrants-C</p> <p>The Rights Shares and Warrants-C which are not taken up or invalidly taken up shall be made available for excess applications. Our Board intends to allocate the Excess Rights Shares with Warrants-C in a fair and equitable manner. Further details are set out in Section 2.1 and Section 9.9 of this Abridged Prospectus.</p>								
Pricing	<p><u>Issue price of the Rights Shares</u> Our Board has fixed the issue price of the Rights Shares at RM0.08 each.</p> <p><u>Warrants-C Exercise Price</u> Our Board has fixed the exercise price of the Warrants-C at RM0.10 each. Further details are set out in Section 2.2 of this Abridged Prospectus.</p>								
Undertaking and underwriting arrangements	<p><u>Undertaking</u> The Undertaking Shareholders have provided irrevocable written undertakings to subscribe for their respective entitlements of 290,293,013 Rights Shares of RM23.22 million. For avoidance of doubt, the Undertaking Shareholders will still subscribe for their respective undertakings irrespective of the minimum subscription level being fully met through the subscription of Rights Shares by other Entitled Shareholders. The Undertaking Shareholders do not intend to subscribe for additional Rights Shares via excess applications on top of the amount of Rights Shares they have undertaken to subscribe.</p>								
	Direct shareholdings as at LPD		Undertakings						
			Minimum Scenario			Maximum Scenario			
	No. of BTM Shares held	%	No. of Rights Shares	Undertaking amount RM'million	No. of Warrants-C	No. of Rights Shares	Undertaking amount RM'million	No. of Warrants-C	
<u>Dato' Seri Yong and persons acting in concert with him</u>									
	Dato' Seri Yong	12,339,081	7.2	77,119,263	6.17	25,706,421	74,034,486	5.92	24,678,162
	Datin Seri Ng Ah Heng	9,999,999	5.8	62,500,000	5.00	20,833,333	59,999,994	4.80	19,999,998
	Yong Emmy	12,096,000	7.1	75,600,000	6.05	25,200,000	72,576,000	5.81	24,192,000
	Yong Ellen	108,300	0.1	676,875	0.05	225,625	649,800	0.05	216,600
	Tan Kha Luong	5,610,100	3.3	35,063,125	2.80	11,687,708	33,660,600	2.69	11,220,200
	Subtotal	40,153,480	23.5	250,959,263	20.07	83,653,088	240,920,880	19.27	80,306,960
	Confirmed	6,293,400	3.7	39,333,750	3.15	13,111,250	37,760,400	3.02	12,586,800
	Uptrend Sdn Bhd								
	Total	46,446,880	27.2	290,293,013	23.22	96,764,338	278,681,280	22.29	92,893,760

Underwriting arrangements

The Underwriter have entered into an Underwriting Agreement with our Company to underwrite 484,706,987 Rights Shares amounting to RM38.78 million under the Rights Issue with Warrants-C. Further details are set out in **Section 2.5** of this Abridged Prospectus.

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS-C (cont'd)

- Rationale**
- Enable our Group to secure funding of at least RM62.00 million under the Minimum Scenario and up to RM94.71 million under the Maximum Scenario, without incurring interest costs compared to bank borrowings;
 - Compared to other equity offerings, the Rights Issue with Warrants-C will involve the issuance of new BTM Shares without diluting the Entitled Shareholders' shareholdings, provided that all Entitled Shareholders subscribe in full for their respective entitlements;
 - Increase the number of BTM Shares in circulation which may potentially enhance the liquidity and marketability of BTM Shares on the Main Market of Bursa Securities;
 - The Warrants-C attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;
 - Strengthen our Company's financial position with enhanced shareholders' funds and facilitate the continuous business expansion plans of our Company; and
 - The Warrants-C will also provide our Company with additional capital as and when they are exercised, whilst allowing our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

Further details are set out in **Section 3** of this Abridged Prospectus.

Utilisation of proceeds	Purposes	Minimum Scenario		Maximum Scenario		Expected timeframe for utilisation of proceeds (from listing date)
		RM'000	%	RM'000	%	
	Payment of the Sublease Consideration	24,700	39.8	24,700	26.1	Within 3 months
	Planting cost at the Plantation Lands	4,300	6.9	21,150	22.3	Within 60 months
	Construction cost of the Biomass Power Plant	23,120	37.3	23,120	24.4	Within 18 months
	Repayment to Director	6,280	10.1	8,213	8.7	Within 3 months
	Working capital requirements	1,100	1.8	15,031	15.9	Within 36 months
	Estimated expenses for the Proposals	2,500	4.0	2,500	2.6	Within 1 month
	Total	62,000	100.0	94,714	100.0	

Further details are set out in **Section 4** of this Abridged Prospectus.

- Risk factors**
- The development and operation plans for the Biomass Power Plant are subject to risks related to delay, non-completion and cost overruns;
 - Risk of cost overruns, delay and non-completion of the plantation programme of Acacia mangium at the Plantation Lands as feedstock supply to generate electricity from the Biomass Power Plant;
 - The continued success of the Biomass Energy Business is dependent on the experience, commitment and efforts of the existing key management of the Group led by Datuk Woo, in providing ample guidance, leadership and directions to our younger members of our management team;
 - Our Group is subject to certain risks inherent to the timber industry
 - We may lose competitiveness if we fail to stay up to date with the latest technology in the biomass industry which will then adversely affect our business; and
 - Any potential fluctuation to the interest rate levels may result in our Group bearing additional interest payments for the payment of the bank borrowings.

Further details are set out in **Section 5** of this Abridged Prospectus.

Procedures for acceptance and payment You may subscribe for the Provisional Rights Shares with Warrants-C as well as apply for Excess Rights Shares with Warrants-C, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for each application method in Section 9. The last day, date and time for acceptance of and payment for the Provisional Rights Shares with Warrants-C and Excess Rights Shares with Warrants-C is on **Friday, 6 January 2023 at 5.00 p.m.**, being the Closing Date.



BTM RESOURCES BERHAD
Registration No.: 199401018283 (303962-T)
(Incorporated in Malaysia)

Registered Office:

Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur

15 December 2022

Directors:

Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey (*Independent Non-Executive Chairman*)
Dato' Seri Yong Tu Sang (*Managing Director*)
Datuk Woo Thin Choy (*Executive Director*)
Yong Hin Siong (*Executive Director*)
Choong Show Tong (*Independent Non-Executive Director*)
Yong Emmy (*Non-Independent Non-Executive Director*)

To: The Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE WITH WARRANTS-C

1. INTRODUCTION

On 13 December 2021, our Board had announced that BTMBP has entered into the Lease Agreement on 12 December 2021 in relation to the Lease of Teluk Kalong Land.

On 20 January 2022, M&A Securities had, on behalf of our Board, announced that our Company intends to undertake the Sublease, Diversification, Rights Issue with Warrants-C and LTIP.

On 13 April 2022, M&A Securities had, on behalf of our Board, announced that BTM proposes to vary the terms of the Rights Issue with Warrants-C.

On 3 June 2022, M&A Securities had, on behalf of our Board, announced that BTM has resolved to fix the entitlement basis for the Rights Issue with Warrants-C and issue price of the Rights Share, as follows:

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
Issue price	RM0.08	
Entitlement basis	<ul style="list-style-type: none">• 6 Rights Shares for every 1 Share held• 1 Warrants-C for every 3 Rights Shares subscribed	
Number of securities to be issued	<ul style="list-style-type: none">• 775,000,000 Rights Shares• 258,333,333 Warrants-C	<ul style="list-style-type: none">• 1,183,929,204 Rights Shares• 394,643,068 Warrants-C

	Minimum Scenario	Maximum Scenario
Gross proceeds to be raised	RM62.00 million	RM94.71 million
Basis	Assuming that the Rights Issue with Warrants-C is undertaken on the Minimum Scenario. In this scenario, no Warrants-B are exercised into new BTM Shares prior to the Entitlement Date, and 775,000,000 Rights Shares and 258,333,333 Warrants-C are issued pursuant to the Rights Issue with Warrants-C	Assuming that all Entitled Shareholders fully subscribe for their respective entitlements as well as the full exercise of Warrants-B prior to the implementation of the Rights Issue with Warrants-C

On 12 July 2022, BTMBP has entered into a supplemental letter to the Sublease Agreement to vary the terms of the Sublease Agreement in relation to the conditionality of the Sublease. In view of the above, our Board has resolved to revise the inter-conditionality of the Proposals as follows:

Original	Revised
The Diversification and Rights Issue with Warrants-C are not conditional upon the Sublease. However, the Diversification and Rights Issue with Warrants-C are inter-conditional with each other and the Lease of Teluk Kalong Land. The LTIP are not inter-conditional with the other components of the Proposals.	The Sublease, Diversification and Rights Issue with Warrants-C are inter-conditional with each other and conditional upon the Lease of Teluk Kalong Land. The LTIP are not inter-conditional with the other components of the Proposals.

On 26 July 2022, M&A Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 26 July 2022 approved-in-principle the following:

- (a) admission of up to 394,643,068 Warrants-C to the Official List of the Main Market of Bursa Securities;
- (b) listing of and quotation for the following:
 - (i) up to 1,183,929,204 new BTM Shares to be issued pursuant to the Rights Issue with Warrants-C;
 - (ii) up to 394,643,068 Warrants-C to be issued pursuant to the Rights Issue with Warrants-C;
 - (iii) up to 394,643,068 new BTM Shares to be issued arising from the exercise of Warrants-C;
 - (iv) up to 8,830,063 additional Warrants-B to be issued pursuant to the adjustments in accordance with the Deed Poll B;
 - (v) up to 8,830,063 new BTM Shares to be issued arising from the exercise of additional Warrants-B; and
 - (vi) up to 15% of the total issued share capital of BTM to be issued pursuant to the LTIP.

Bursa Securities' approval-in-principle is subject to the following conditions:

No.	Conditions	Status of compliance
(a)	BTM and M&A Securities must fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the respective Proposals;	To be complied
(b)	BTM and M&A Securities to inform Bursa Securities upon the completion of the respective Proposals;	To be complied
(c)	BTM and M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the respective Proposals are completed;	To be complied
(d)	BTM is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants-C under the Rights Issue with Warrants-C and exercise of options under the LTIP as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied
(e)	M&A Securities is required to submit a confirmation to Bursa Securities of full compliance of the LTIP pursuant to Paragraph 6.43(1) of the Main Market LR and stating the effective date of implementation, together with the following:	To be complied
	(i) A certified true copy of the resolution passed by the shareholders in general meeting approving the LTIP; and	
	(ii) Letter of compliance in relation to the By-Laws pursuant to Paragraph 2.12 of the Main Market LR together with a copy of the final By-Laws.	

On 23 August 2022, our shareholders approved the Proposals at our EGM.

On 24 November 2022, M&A Securities had, on behalf of our Board, announced that our Board has resolved to fix the exercise price of the Warrants-C at RM0.10 per Warrant-C.

On 30 November 2022, M&A Securities had, on behalf of our Board, announced the Entitlement Date for the Rights Issue with Warrants-C and the other relevant dates pertaining to the Rights Issue with Warrants-C.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants-C and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS-C. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS-C

2.1 Details of the Rights Issue with Warrants-C

As at the LPD, our Company has:

- (a) an issued share capital of RM34,129,060 comprising 171,026,388 BTM Shares; and
- (b) 26,295,146 outstanding Warrants-B which are exercisable into 26,295,146 new Shares at an exercise price of RM0.20 each.

The Rights Issue with Warrants-C entails the issuance of up to 1,183,929,204 Rights Shares together with up to 394,643,068 Warrants-C at the issue price of RM0.08 per Rights Share on the basis of 6 Rights Shares for every 1 existing BTM Share held by the Entitled Shareholders on the Entitlement Date together with 1 Warrant-C for every 3 Rights Shares subscribed.

The basis of 6 Rights Share for every 1 existing BTM Share together with 1 Warrant-C for every 3 Rights Shares was arrived at after taking into consideration, among others, the following:

- (a) the amount of proceeds to be raised which is to be utilised for the purposes set out in Section 4 of this Abridged Prospectus; and
- (b) Paragraph 6.50 of the Main Market LR requires that the number of new Shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued Shares of our Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The maximum number of Rights Shares and Warrants-C to be issued under the Rights Issue with Warrants-C is derived based on the existing number of issued share capital of BTM, assuming all Warrants-B are exercised into new BTM Shares prior to the Entitlement Date. Based on the Maximum Scenario, 1,183,929,204 Rights Shares will be made available for subscription and 394,643,068 Warrants-C will be issued pursuant to the Rights Issue with Warrants-C, raising gross proceeds of RM94.71 million. Based on the Minimum Scenario, 775,000,000 Rights Shares and 258,333,333 Warrants-C will be issued pursuant to the Rights Issue with Warrants-C, raising gross proceeds of RM62.00 million. The actual number of Rights Shares and Warrants-C to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date, after taking into consideration of any new Shares that may be issued arising from the exercise and/or conversion of any Warrants-B and the eventual subscription level for the Rights Issue with Warrants-C.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants-C which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants-C. You will find enclosed in this Abridged Prospectus, an NPA notifying you of the crediting of such Provisional Rights Shares with Warrants-C into your CDS Account and a RSF which is to be used for the acceptance of the Provisional Rights Shares with Warrants-C, and for the application of any Excess Rights Shares with Warrants-C under excess application, should you wish to do so. You may also subscribe for such Provisional Rights Shares with Warrants-C and Excess Rights Shares with Warrants-C via e-Subscription in accordance with the instructions as set out in Section 9.5.2 of this Abridged Prospectus.

Only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants-C are attached to the Rights Shares without any cost, and shall only be issued to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who subscribe for the Rights Shares. The Warrants-C are exercisable into new BTM Shares and each Warrant-C will entitle the Warrant-C holder to subscribe for 1 new BTM Share at the Warrants-C Exercise Price. The Warrants-C will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants-C will be issued in registered form and constituted by the Deed Poll C. The salient terms of the Warrants-C are set out in Section 2.4 of this Abridged Prospectus.

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants-C will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants of the Rights Shares with Warrants-C.

The Rights Issue with Warrants-C is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. However, the Rights Shares and Warrants-C cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants-C attached thereto. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants-C in proportion of their acceptance to the Rights Shares entitlements. The Rights Shares and Warrants-C which are not taken up or invalidly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) and/or transferee(s).

2.2 Basis and justification of determining the issue price of the Rights Shares and exercise price of the Warrants-C

(a) Rights Shares

Our Board has fixed the issue price of the Rights Shares at RM0.08 per Rights Share, which represents a discount of 5.6% to the TERP of RM0.08474 calculated based on the 5D-VWAMP of up to 2 June 2022 (being the market day preceding the date of the announcement dated 3 June 2022 on fixing the entitlement basis and issue price of the Rights Share) of RM0.1132.

The issue price was fixed after taking into consideration the following:

- (i) funding requirements of our Group as set out in Section 4.1 of this Abridged Prospectus;
- (ii) the historical share price of BTM; and
- (iii) the 5D-VWAMP of BTM Shares up to and including 2 June 2022 of RM0.1132.

The issue price was considered by our Board as reasonable in terms of the discount percentage, so as to encourage participation by Entitled Shareholders and/or their renounee(s) and/or transferee(s), so that the funding objectives as set out in Section 4 may be met.

(b) Warrants-C

Our Board has fixed the Warrants-C Exercise Price at RM0.10 per Warrant-C, which represents a discount of approximately 14.7% to the 5D-VWAMP of BTM Shares up to and including 23 November 2022, of RM0.1173. The discount is given to encourage future equity participation by subscribers of the Rights Shares.

The Warrants-C exercise price was fixed after taking into consideration the following:

- (i) the 5D-VWAMP of BTM Shares up to and including 23 November 2022 of RM0.1173;
- (ii) the future prospects of our Group as set out in Section 6.4 of this Abridged Prospectus; and
- (iii) the TEAP of BTM Shares of RM0.0886.

The Warrants-C are attached to the Rights Shares without any cost and will be issued in proportion to the Rights Shares subscribed by the Entitled Shareholders.

2.3 Ranking of the Rights Shares and the new BTM Shares to be issued arising from the exercise of the Warrants-C as well as additional Warrants-B

The Rights Shares shall upon allotment and issuance, rank *pari passu* in all respects with the then existing BTM Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares.

The new BTM Shares to be issued pursuant to the exercise of the Warrants-C and additional Warrants-B will, upon allotment and issuance, rank *pari passu* in all respects with the then existing BTM Shares except that they shall not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the date of allotment of the new BTM Shares to be issued pursuant to the exercise of the Warrants-C, as well as the additional Warrants-B.

2.4 Salient terms of the Warrants-C

The salient terms of the Warrants-C are as follows:

Terms	Details
Issue Size	: (a) Minimum Scenario: 258,333,333 Warrants-C (b) Maximum Scenario: 394,643,068 Warrants-C Pursuant to Paragraph 6.50 of the Main Market LR, the Warrants-C together with all other outstanding convertible securities shall not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the convertible equity securities) at all times.
Detachability	: The Warrants-C are immediately detachable upon allotment and issue of the Rights Shares. The Warrants-C will be traded separately.
Form	: The Warrants-C will be issued in registered form and will be constituted by Deed Poll C.
Board Lot	: The Warrants-C are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new BTM Shares at any time during the Exercise Period or such denomination as determined by Bursa Securities.
Exercise Price	: The exercise price of the Warrants-C has been fixed at RM0.10 per Warrant-C. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll C during the Exercise Period.

Terms	Details
Exercise Period	: Five (5) years commencing on and including the date of issuance of the Warrants and ending at 5.00 p.m. on the date preceding the fifth (5 th) anniversary of the date of issuance, or if such day is not a market day, then it shall be the market day immediately preceding the said non-market day. Any Warrants-C not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Rights	: Each Warrants-C entitles the registered holder to subscribe for one (1) new BTM Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll C.
Rights of the Warrant-C holders	: The holder of Warrants-C shall not be entitled to any voting rights or to participate in any dividends, rights, allotments and/or other forms of distributions in our Company until and unless such holders of the Warrants-C exercise their Warrants-C into new BTM Shares.
Ranking of new BTM Shares	: All the new BTM Shares to be issued pursuant to the exercise of the Warrants-C shall, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing BTM Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distributions, that may be declared, made or paid prior the date of allotment of the new BTM Shares.
Listing of the Warrants-C	: The Warrants-C and new BTM Shares arising from the exercise of the Warrants-C will be listed on the Main Market of Bursa Securities.
Adjustments in the Exercise Price and/or number of Warrants-C	: The Exercise Price and/or the number of Warrants-C held by each Warrants-C holder may from time to time be adjusted in the event of any alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll C. Any adjustments to the exercise price and/or number of Warrants must be done in full compliance with Paragraph 6.54(3)(b) of the Main Market LR.
Transferability	: The Warrants-C shall be transferable in the manner in accordance with the Deed Poll C subject always to the provisions of the Securities Industries (Central Depositories) Act, 1991, as amended and revised from time to time and the Rules of Bursa Depository and any appendices.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	Where a resolution has been passed for a member's voluntary winding up of our Company, or where there is a compromise or arrangement, then: (a) If such winding-up, compromise or arrangement has been approved by the Warrants-C holder or some persons designated by them of such purposes by a special resolution, the terms of such winding up, compromise or arrangement will be binding on all the Warrants-C holders; and

Terms

Details

- (b) In any other case, every Warrants-C holder shall be entitled within six (6) weeks after the passing of such resolution for a member's voluntary winding-up of our Company or within six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrendering of his Warrants-C to our Company, exercise his Warrants-C and be treated as if he had exercised the Warrants-C immediately prior to the commencement of such winding-up or such compromise or arrangement. If our Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the Warrants-C shall cease to be valid for any purpose.

Governing Laws : Laws and regulations of Malaysia.

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2.5 Undertaking and underwriting arrangements

2.5.1 Undertaking

The Rights Issue with Warrants-C is intended to be undertaken on the minimum subscription level of 775,000,000 Rights Shares together with 258,333,333 Warrants-C, which has been determined by our Board after taking into consideration the following:

- (a) the minimum funding requirements of RM62.00 million that our Group intends to raise from the Rights Issue with Warrants-C that will be channelled towards the proposed utilisation as set out in Section 4 of this Abridged Prospectus;
- (b) the irrevocable written undertakings secured from the identified existing shareholders of BTM of RM23.22 million to apply and subscribe for their respective entitlements of the Rights Shares and/or via excess applications; and
- (c) the future prospects of our Group.

In order to meet the Minimum Scenario, our Company has procured the irrevocable written undertakings from the following identified existing shareholders of BTM to apply and subscribe for their respective entitlements of the Rights Shares and/or via excess applications, the details of which are as follows:

Undertaking Shareholders	Direct shareholdings held as at LPD		Entitlement		Excess applications		Total undertakings		Amount		Number of Warrants-C entitled		No. of adjusted Warrant-B held		# Direct shareholdings held	
	No. of Shares held	(¹)%	No. of Shares	(²)%	No. of Rights Shares	(²)%	No. of Rights Shares	(²)%	RM'million	RM'million	Warrants-C entitled	Warrant-B held	No. of Rights Shares	(³)%		
Dato' Seri Yong and persons acting in concert with him																
Dato' Seri Yong	12,339,081	7.2	74,034,486	9.6	3,084,777	0.3	77,119,263	9.9	6.17	6.17	25,706,421	3,059,424	117,195,930	9.5		
Datin Seri Ng Ah Heng ⁽⁴⁾	9,999,999	5.8	59,999,994	7.7	2,500,006	0.4	62,500,000	8.1	5.00	5.00	20,833,333	890,536	93,390,533	7.5		
Yong Emmy ⁽⁵⁾	12,096,000	7.1	72,576,000	9.4	3,024,000	0.4	75,600,000	9.8	6.05	6.05	25,200,000	1,637,164	113,525,164	9.2		
Yong Ellen ⁽⁶⁾	108,300	0.1	649,800	0.1	27,075	~	676,875	0.1	0.05	0.05	225,625	184,181	1,185,956	0.1		
Tan Kha Luong ⁽⁷⁾	5,610,100	3.3	33,660,600	4.3	1,402,525	0.2	35,063,125	4.5	2.80	2.80	11,687,708	1,923,560	53,816,985	4.3		
Subtotal	40,153,480	23.5	240,920,880	31.1	10,038,383	1.3	250,959,263	32.4	20.07	20.07	83,653,088	7,694,865	379,114,568	30.6		
Confirmed Uptrend Sdn Bhd ⁽⁸⁾	6,293,400	3.7	37,760,400	4.9	1,573,350	0.2	39,333,750	5.1	3.15	3.15	13,111,250	-	58,213,950	4.7		
Total	46,446,880	27.2	278,681,280	36.0	11,611,733	1.5	290,293,013	37.5	23.22	23.22	96,764,338	7,694,865	437,328,518	35.3		

Notes:

- # After completion of the Rights Issue with Warrants-C as well as exercise of Warrants-C and Warrants-B.
- (1) Based on the issued share capital of 171,026,388 Shares as at LPD.
- (2) Based on the 775,000,000 Rights Shares to be issued pursuant to the Rights Issue with Warrants-C.
- (3) Based on the enlarged issue share capital of 1,239,484,930 Shares upon completion of the Rights Issue with Warrants-C and full exercise of Warrants-B and Warrants-C under the Minimum Scenario.
- (4) Datin Seri Ng Ah Heng is the spouse of Dato' Seri Yong, mother of Yong Emmy, Yong Ellen and Yong Hin Siong (Executive Director of BTM) as well as mother-in-law of Tan Kha Luong.
- (5) Yong Emmy is the Non-Independent Non-Executive Director of our Company, daughter of Dato' Seri Yong and Datin Seri Ng Ah Heng.
- (6) Yong Ellen is the daughter of Dato' Seri Yong and Datin Seri Ng Ah Heng as well as spouse of Tan Kha Luong.
- (7) Tan Kha Luong is the spouse of Yong Ellen as well as son-in-law of Dato' Seri Yong and Datin Seri Ng Ah Heng.
- (8) The Directors and substantial shareholders of Confirmed Uptrend Sdn Bhd are as follows:

Names	Involvements	No. of ordinary shares held	%
Datuk Woo Thin Choy	Director and shareholder	1	50.0
Woo Wen Jie	Director and shareholder	1	50.0
	Total	2	100.0

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Assuming that only the Undertaking Shareholders subscribed for the Rights Shares pursuant to their Undertakings and none of the other Entitled Shareholders subscribed for their Rights Shares under the Minimum Scenario, their equity interests in our Company upon completion of the Rights Issue with Warrants-C will be as follows:

<u>Dato' Seri Yong and persons acting in concert with him</u>	Shareholdings held after Rights Issue with Warrants-C			Upon exercise of Warrants-C			Upon full exercise of adjusted Warrants-C		
	Direct	Indirect	(1)%	Direct	Indirect	(2)%	Direct	Indirect	(3)%
	No. of BTM Shares	No. of BTM Shares	(1)%	No. of BTM Shares	No. of BTM Shares	(2)%	No. of BTM Shares	No. of BTM Shares	(3)%
Dato' Seri Yong	89,458,344	201,654,399	21.3	115,164,764	259,601,066	21.1	118,224,188	264,236,507	21.3
Datin Seri Ng Ah Heng	72,499,999	218,612,744	23.1	93,333,332	281,432,498	22.9	94,223,869	288,236,827	23.3
Yong Emmy	87,696,000	203,416,743	21.5	112,896,000	261,869,830	21.3	114,533,164	267,927,532	21.6
Yong Ellen	785,175	290,327,568	30.7	1,010,800	373,755,030	30.4	1,194,981	381,265,714	30.8
Tan Kha Luong	40,673,225	250,439,518	26.5	52,360,933	322,404,897	26.2	54,284,494	328,176,202	26.5
Subtotal	291,112,743		30.8	374,765,829		30.6	382,470,696		30.8
Confirmed Uptrend Sdn Bhd	45,627,150		4.8	58,738,400		4.8	58,738,400		4.8
Total	336,739,893		35.6	433,504,229		35.4	441,209,096		35.6

Notes:

- (1) Based on the enlarged issued share capital of 946,026,388 Shares upon completion of the Rights Issue with Warrants-C under the Minimum Scenario.
- (2) Based on the enlarged issued share capital of 1,231,359,721 Shares upon completion of the Rights Issue with Warrants-C and full exercise of Warrants-C under the Minimum Scenario.
- (3) Based on the enlarged issued share capital of 1,239,484,930 Shares upon completion of the Rights Issue with Warrants-C, full exercise of Warrants-B and Warrants-C under the Minimum Scenario.

The number of Rights Shares to be subscribed by the Undertaking Shareholders under the excess application was based on their respective undertaking amount less the value of their respective rights entitlements required to be subscribed. In addition, the Undertaking Shareholders have confirmed that they have no intention to dispose, acquire, transfer or otherwise reduce their existing shareholdings of BTM Shares from the date of their Undertakings and up to the completion of the Rights Issue with Warrants-C.

Assuming that only the Undertaking Shareholders subscribed for the Rights Shares pursuant to their entitlement portion of their Undertakings, full exercise of Warrants- B as well as the other Entitled Shareholders subscribed for their Rights Shares under the Maximum Scenario, their equity interests in our Company upon completion of the Rights Issue with Warrants-C will be as follows:

Undertaking Shareholders	Direct shareholdings held as at LPD		After full exercise of Warrants-B		Entitlement portion of the Undertakings			#Direct shareholdings held		
	No. of BTM Shares held	(¹)%	No. of Rights Shares	(²)%	No. of Rights Shares	(³)%	Amount RM/million	Number of Warrants-C entitled	No. of Rights Shares	(³)%
Dato' Seri Yong and persons acting in concert with him										
Dato' Seri Yong	12,339,081	7.2	14,629,402	7.4	74,034,486	5.4	5.92	24,678,162	98,712,648	7.1
Datin Seri Ng Ah Heng ⁽⁴⁾	9,999,999	5.8	10,666,665	5.4	59,999,994	4.3	4.80	19,999,998	79,999,992	5.8
Yong Emmy ⁽⁵⁾	12,096,000	7.1	13,321,600	6.8	72,576,000	5.3	5.81	24,192,000	96,768,000	7.0
Yong Ellen ⁽⁶⁾	108,300	0.1	246,180	0.1	649,800	~	0.05	216,600	866,400	0.1
Tan Kha Luong ⁽⁷⁾	5,610,100	3.3	7,050,100	3.6	33,660,600	2.4	2.69	11,220,200	44,880,800	3.2
Subtotal	40,153,480	23.5	45,913,947	23.3	240,920,880	17.4	19.27	80,306,960	321,327,840	23.3
Confirmed Uptrend Sdn Bhd ⁽⁸⁾	6,293,400	3.7	6,293,400	3.2	37,760,400	2.7	3.02	12,586,800	44,053,800	3.6
Total	46,446,880	27.2	52,207,347	26.5	278,681,280	20.2	22.29	92,893,760	365,451,429	26.9

Notes:

- ~ Less than 0.01%
- # After completion of the Rights Issue with Warrants-C but before exercise of Warrants-C.
- (1) Based on the issued share capital of 171,026,388 Shares as at LPD.
- (2) Based on the enlarged issue share capital of 197,321,534 Shares upon full exercise of Warrants-B.
- (3) Based on the enlarged issue share capital of 1,381,250,738 Shares upon completion of the Rights Issue with Warrants-C under the Maximum Scenario.
- (4) Datin Seri Ng Ah Heng is the spouse of Dato' Seri Yong, mother of Yong Emmy, Yong Ellen and Yong Hin Siong (Executive Director of BTM) as well as mother-in-law of Tan Kha Luong.
- (5) Yong Emmy is the Non-Independent Non-Executive Director of our Company, daughter of Dato' Seri Yong and Datin Seri Ng Ah Heng.
- (6) Yong Ellen is the daughter of Dato' Seri Yong and Datin Seri Ng Ah Heng as well as spouse of Tan Kha Luong.
- (7) Tan Kha Luong is the spouse of Yong Ellen as well as son-in-law of Dato' Seri Yong and Datin Seri Ng Ah Heng.

(8) The Directors and substantial shareholders of Confirmed Uptrend Sdn Bhd are as follows:

Names	Involvements	No. of ordinary shares held	%
Datuk Woo Thin Choy	Director and shareholder	1	50.0
Woo Wen Jie	Director and shareholder	1	50.0
	Total	2	100.0

The abovementioned Undertaking Shareholders has confirmed via the Undertakings that they have sufficient financial resources to fulfil their respective Undertakings. M&A Securities, being the Principal Adviser for the Rights Issue with Warrants-C, has verified that the Undertaking Shareholders have sufficient financial resources to fulfil their Undertakings. The Rights Issue with Warrants-C is not expected to give rise to any mandatory take-over offer obligation pursuant to the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC as a result of the Rights Issue with Warrants-C as the respective shareholdings held by Dato' Seri Yong (together with persons acting-in-concert with him) as well as Confirmed Uptrend Sdn Bhd is not expected to exceed 33.0% immediately after the completion of the Rights Issue with Warrants-C as well as upon full exercise of Warrants-B and Warrants-C as highlighted in the table above. The Undertaking Shareholders has confirmed that it will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC.

2.5.2 Public shareholdings spread

Under the Minimum Scenario, the Undertakings are not expected to result in any breach in the public shareholding spread requirement by our Company under Paragraph 8.02(1) of the Main Market LR, which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:

Particulars	As at the LPD		(I) After the Rights Issue with Warrants-C		(II) After (I) and assuming full exercise of Warrants-B and Warrants-C	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Issued share capital	171,026,388	100.0	946,026,388	100.0	1,239,484,930	100.0
Less:						
Directors, substantial shareholders and their associates ⁽¹⁾	46,446,880	27.2	336,739,893	35.6	437,328,518	35.3
Shareholders holding less than 100 Shares	429	(2)-	429	(2)-	429	(2)-
Public shareholding spread	124,579,079	72.8	609,286,066	64.4	802,155,983	64.7

Notes:

- (1) Comprise the following:

Particulars	As at the LPD		(I) After the Rights Issue with Warrants-C		(II) After (I) and assuming full exercise of Warrants-B and Warrants-C	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
	Dato' Seri Yong and persons acting in concert with him					
Dato' Seri Yong	12,339,081	7.2	89,458,344	9.5	117,195,930	9.5
Datin Seri Ng Ah Heng	9,999,999	5.8	72,499,999	7.6	93,390,533	7.5
Yong Emmy	12,096,000	7.1	87,696,000	9.3	113,525,164	9.2
Yong Ellen	108,300	0.1	785,175	0.1	1,185,956	0.1
Tan Kha Luong	5,610,100	3.3	40,673,225	4.3	53,816,985	4.3
Subtotal	40,153,480	23.5	291,112,743	30.8	379,114,568	30.6
Confirmed Uptrend Sdn Bhd	6,293,400	3.7	45,627,150	4.8	58,213,950	4.7
Total	46,446,880	27.2	336,739,893	35.6	437,328,518	35.3

- (2) Less than 0.01%.

2.5.3 Underwriting arrangement

The Company had entered into the Underwriting Agreement with the Underwriter to underwrite 484,706,987 Rights Shares, amounting to approximately RM38.78 million, representing approximately 62.5% of the Rights Shares available for subscription under the Minimum Scenario, or 40.9% of the total number of 1,183,929,204 Rights Shares available for subscription under the Maximum Scenario.

The underwriting commission payable by our Company is RM1.29 million (which represents approximately 3.3% of the underwritten value) and all related costs in relation to the underwriting arrangement will be fully borne by our Company from the proceeds of the Rights Issue with Warrants-C.

For the avoidance of doubt, the Entitled Shareholders and/ or their renounees (if any) (excluding the Underwriter), shall be given priority and shall first be allocated with all the excess Rights Shares and Warrants-C applied for, if any. Upon completion of such allocation, the Underwriter shall only then apply and be allocated for any remaining number of unsubscribed Rights Shares and Warrants-C.

3. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS-C

After considering other methods of equity fundraising available such as bank borrowings and private placements, as well as the current capital structure of BTM, our Board is of the opinion that the Rights Issue with Warrants-C is the most appropriate method of raising funds, after taking into account the following:

- (a) the issuance of Rights Shares would enable our Group to secure funding of at least RM62.00 million under the Minimum Scenario and up to RM94.71 million under the Maximum Scenario, without incurring interest costs compared to bank borrowings;

- (b) compared to other equity offerings, the Rights Issue with Warrants-C will involve the issuance of new BTM Shares without diluting the Entitled Shareholders' shareholdings, provided that all Entitled Shareholders subscribe in full for their respective entitlements;
- (c) the Rights Issue with Warrants-C will increase the number of BTM Shares in circulation which may potentially enhance the liquidity and marketability of BTM Shares on the Main Market of Bursa Securities;
- (d) the Warrants-C attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;
- (e) the Rights Issue with Warrants-C will strengthen our Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company; and
- (f) the Warrants-C will also provide our Company with additional capital when they are exercised. The exercise of the Warrants will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

4. UTILISATION OF PROCEEDS

4.1 Proceeds raised from the Rights Issue with Warrants-C

On 13 December 2021, our Board had announced that BTMBP has entered into the Lease Agreement on 12 December 2021 in relation to the Lease of Teluk Kalong Land to construct and operate the Biomass Power Plant. This is in line with the Group's strategies to diversify its income streams into other businesses with promising growth prospects to supplement BTM's existing businesses and to mitigate the risks of relying on current ongoing businesses. The Teluk Kalong Land is located at Kawasan Perindustrian Teluk Kalong, Kemaman, Terengganu and is within 3.8 km from the TNB's main distribution substation ("PPU") which serves as the main inter-connection grid point for the Biomass Power Plant. The close proximity of the Teluk Kalong Land to the PPU and feedstock supply in the vicinity makes it an ideal location to construct the Biomass Power Plant.

On 20 January 2022, M&A Securities on behalf of our Board, had announced that our Company intends to undertake the Sublease, Diversification, Rights Issue with Warrants-C and LTIP. BTMBP is undertaking the Sublease for the following purposes:

- (a) to undertake the plantation program by establishing a timber plantation to grow fast growing *Acacia mangium* trees which will be planted within the Plantation Lands, which shall be managed and harvested on a rotation basis every 4 years as fuelwood supply for the Biomass Power Plant. The *Acacia Mangium* is suitable as raw material to produce fuel woods to be utilised as raw materials or feedstock to generate electricity from the Biomass Power Plant. The proposed plantation program will ensure adequate supply of raw materials or feedstock to sustain the Biomass Power Plant throughout the REPPA for the FIT concession period of 21 years. The plantation program will be expected to span across a period of 34 years between 2022 to 2056, where the first felling will commence in 2026 and continued until 2056⁽¹⁾.

Note:

- (1) The Biomass Power Plant will require the available feedstock supply of *Acacia mangium* of 350 tonnes per day to achieve optimum electricity power generation of between 8.1MW and 11.5MW. As the first felling from the areas under the

Sublease will only commence in 2026, our Company is in the midst of discussion with several suppliers for the feedstock supply of *Acacia mangium* trees for the period of 2023 to 2026, where BTMBP shall enter into supply agreements with these feedstock suppliers. The plantation program to be undertaken at the Plantation Lands will result in the production of feedstock supply of 200 tonnes per day, whilst the remaining supply of feedstock of 150 tonnes/day shall be sourced from other suppliers of feedstocks. In this respect, BTMBP has on 20 January 2022 announced that it has entered into the respective supply agreements with BTM Timber Industries Sdn Bhd ("**BTMTI**") and SPPT for the purchase of Wood Waste Products over a period of 21 years commencing from 23 July 2023.

- (b) upon expiry of the REPPA for the FiT concession period of 21 years (i.e. 23 July 2044), BTMBP may undertake plantation program for other types of logs as well as timber planting and harvesting activities either for sale or as supply of fuelwood supply (such as wood pellets and wood chips) to our Group's existing wood pellets business and other biomass power plants operated by other operators.

In view of the above, our Company has entered into the Lease Agreement and Sublease Agreement for the Lease of Teluk Kalong Land and Sublease. Kindly refer to **Appendix I(B), Appendix I(C), Appendix I(D) and Appendix I(E)** of this Abridged Prospectus for further details of the Biomass Energy Business as well as the salient terms and conditions of the REPPA, Lease Agreement and Sublease Agreement.

As such, based on an issue price of RM0.08 per Rights Share, the Rights Issue with Warrants-C will raise gross proceeds of RM62.00 million under the Minimum Scenario and up to RM94.71 million under the Maximum Scenario. The details of the intended utilisation of gross proceeds are as follows:

Purposes	Notes	Minimum Scenario		Maximum Scenario		Expected timeframe for utilisation of proceeds (from listing date)
		RM'000	%	RM'000	%	
Payment of the Sublease Consideration	(a)	24,700	39.8	24,700	26.1	Within 3 months
Planting cost at the Plantation Lands	(b)	4,300	6.9	21,150	22.3	Within 60 months
Construction cost of the Biomass Power Plant	(c)	23,120	37.3	23,120	24.4	Within 18 months
Repayment to Director	(d)	6,280	10.1	8,213	8.7	Within 3 months
Working capital requirements	(e)	1,100	1.8	15,031	15.9	Within 36 months
Estimated expenses for the Proposals	(f)	2,500	4.0	2,500	2.6	Within 1 month
	Total	62,000	100.0	94,714	100.0	

Notes:

- (a) The proceeds earmarked shall be utilised for the payment of the Sublease Consideration of RM24.70 million to be paid under the Sublease Agreement. Kindly refer to **Appendix I(E)** of this Abridged Prospectus for further details of terms and conditions of the Sublease Agreement.
- (b) The total capital expenditure for the plantation program over the period of 34 years is approximately RM81.95 million. Our Group is expected to fund the initial capital expenditures for the plantation program via funds to be raised from the Rights Issue with Warrants-C of between RM4.30 million (within 24 months from the listing date of the Rights Shares on the Main Market of Bursa Securities) and up to RM21.15 million (which shall be utilised within 60 months from the listing date of the Rights Shares on the Main Market of Bursa Securities). The breakdown of the plantation cost under the plantation program to grow fast growing *Acacia mangium* trees at the Plantation Lands are as follows:

No.	Details	Minimum Scenario RM'000	Timeframe for utilisation	Maximum Scenario RM'000	Timeframe for utilisation
(i)	Seedling cost (purchase of seeds for <i>Acacia mangium</i> trees)	1,730	Within 24 months	8,455	Within 48 months
(ii)	Planting cost (including purchase of bamboo sticks, lining and holing as well as fertilisation and refilling cost)	1,730	Within 24 months	8,455	Within 48 months
(iii)	Infrastructure development, road and drainage works as well as site preparations	120	Within 12 months	635	Within 60 months
(iv)	Purchase of fertilisers and weeds	540	Within 12 months	2,705	Within 60 months
(v)	Administrative cost	180	Within 12 months	900	Within 60 months
	Total	4,300		21,150	

The proceeds to be raised from the Rights Issue with Warrants-C shall be utilised within 12 months (Minimum Scenario) and 60 months (Maximum Scenario) from the listing date of the Rights Shares and Warrants-C on the Main Market of Bursa Securities. In view of the above, our Group intends to fund the remaining plantation program of up to RM77.65 million under the Minimum Scenario and up to RM60.80 million under the Maximum Scenario (after deducting the proceeds to be raised from the Rights Issue with Warrants-C of up to RM21.15 million), either through internally generated funds to be generated from the operations of the Biomass Power Plant and/or bank borrowings to be obtained, the breakdown which has not been determined at this juncture. In the event our Group is unable to secure the necessary bank borrowings, then the Company may undertake an equity fund raising to fund the shortfall.

- (c) Pursuant to the Biomass Energy Business, BTMBP had on 23 November 2020 awarded the EPCC works in relation the construction and development of the Biomass Power Plant to SSB for the total contract sum of RM115.60 million. The construction cost for the Biomass Power Plant will be partly financed via the bank borrowings obtained from MBSB on 27 April 2021 of RM92.48 million, whilst the remaining balance of RM23.12 million will be funded via the proceeds to be raised from the Rights Issue with Warrants-C. The said proceeds shall be utilised in the following manner:

No.	Purposes	RM'000	Timeframe for utilisation
(i)	Preliminaries and relevant applications to the relevant regulatory authorities	900	Within 6 months
(ii)	Installation and setting up of biomass power generation systems (including fuel handling, storage and feeding facilities, boiler systems, steam turbine, water treatment system, air pollution control systems, piping, electrical, control and instrumentation systems as well as related equipment)	16,720	} Within 18 months
(iii)	Civil and structural works (such as site development, road and drainage works, foundation and building works as well as other related infrastructures to be erected)	2,400	
(iv)	Voltage electrical works, related amenities and contingencies	1,800	
(v)	TNB grid interconnection works and grid connection acceptance test, testing, commissioning and reliability run works	1,300	
	Total	23,120	

- (d) From 2018 and up to the LPD, our Managing Director, Dato' Seri Yong has provided advances to our Group for the total amount of RM11.53 million. Up to the LPD, our Group has repaid the advances amount of RM4.62 million to Dato' Seri Yong using internally generated funds and the outstanding amount owing to Dato' Seri Yong stood at approximately RM6.91 million, which are interest-free. Our Group intends to settle the advances provided by Dato' Seri Yong. These advances obtained from Dato' Seri Yong were given as interim funding to our Group to cover for shortfall in cash flow at the time and were used to provide working capital to our Group. These include the following:

Details	RM'000
Working capital requirements of BTM Group (such as purchase of raw materials for existing manufacturing operations, utilities charges as well as staff related expenses)	4,615
Deposit payment for the Lease of Teluk Kalong Land	2,300
Total	6,915

The advances were intended to be for a short-term period of not more than 1 year. However, due to operating cash flow requirements of our Group, the period of the advances has been extended and remain outstanding. It is the intention of our Company to settle the advances by Dato' Seri Yong which are repayable on demand. We have allocated the amount of RM6.28 million under the Minimum Scenario for the repayment of the outstanding advances already provided by Dato' Seri Yong within 3 months from the listing date of the Rights Shares on the Main Market of Bursa Securities, with the outstanding amount as at LPD remains outstanding at RM6.91 million. The remaining balance of the outstanding advances of RM0.63 million shall be repaid via internally generated funds. Under the Maximum Scenario, we have allocated higher amount of RM8.21 million for repayment of advances to be provided by Dato' Seri Yong, in anticipation that we may further request for additional advances from Dato' Seri Yong to fund our immediate working capital requirements from the LPD up to the date of listing of the Rights Shares on the Main Market of Bursa Securities. However, our Group has not identified the need for additional advances to be provided by Dato' Seri Yong at this juncture. Any advances to be provided will not affect the sufficiency of working capital from LPD up to the listing of Rights Shares, as we have in place additional source of funding available, as described in Section 8.1 below.

However, in the event there are any excess available from the above repayment of the advances to Dato' Seri Yong under the Maximum Scenario of RM1.93 million, such excess proceeds available will be utilised for our working capital requirements. Conversely, in the event the allocated proceeds are insufficient for the repayment of the advances to Dato' Seri Yong, any shortfall will be funded via internally generated funds and/or additional bank borrowings.

- (e) A breakdown of the utilisation of working capital requirements of the our Group are as follows:

No.	Details	Minimum Scenario RM'000	Timeframe for utilisation	Maximum Scenario RM'000	Timeframe for utilisation
(i)	Purchase of raw materials (such as timber, wood waste, sawdust, glue and related materials) for its existing manufacturing activities	400	} Within 12 months	9,031	Within 36 months
(ii)	Staff related expenses	500		4,000	Within 24 months
(iii)	Utilities charges for the operations of our Group's existing manufacturing facilities in Terengganu	100		1,000	Within 24 months
(iv)	Sales and distribution expenses	100		1,000	Within 36 months
Total		1,100		15,031	

In the event the funds to be raised under the Minimum Scenario is insufficient to cover the working capital requirements of our Group, the shortfall shall be funded via internally generated funds and/or bank borrowings to be obtained, the breakdown of which has not been determined at this juncture. Conversely, in the event that there are excess funds available arising in the event the actual amount required for utilisation is lower than budgeted, our Group shall reallocate these proceeds towards our Group's general working capital requirements.

- (f) The estimated expenses comprise professional fees, underwriting expenses, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated of approximately RM2.50 million for the Proposals. The breakdown are as follows:

Details	RM'000
Professional fees ⁽¹⁾	1,000
Fees payable to the authorities (i.e. Bursa Securities, SC and Registrar of Companies)	200
Underwriting fees	1,290
Printing, advertising fees and contingencies ⁽²⁾	10
Total	<u>2,500</u>

Notes:

- (1) Includes advisory/professional fees for, amongst others, the Principal Adviser, due diligence solicitors, valuers, reporting accountants and independent adviser.
 (2) Other incidental or related expenses in connection with the Proposals.

In the event the allocated proceeds are insufficient for the payment of the estimated expenses for the proposals, any shortfall will be funded via internally generated funds and/or additional bank borrowings. Conversely, if the actual cost is lower than the amount budgeted above, the excess will be allocated for our general working capital requirements.

The utilisation of proceeds from the Rights Issue with Warrants-C for the payment of the Sublease Consideration, construction cost of the Biomass Power Plant and expenses for the Proposals have been fixed irrespective of the total amount to be raised between the Minimum and Maximum Scenario. However, if there are any funds arising from the utilisation of proceeds under the Minimum Scenario and Maximum Scenario (as earmarked above) that are not utilised within the utilisation timeframe, our Company may either extend the said utilisation timeframe or reallocate these proceeds towards our Group's general working capital requirements.

Any additional proceeds raised in excess of the RM62.00 million under the Minimum Scenario will be allocated in the following priority:

- (i) planting cost at the Plantation Lands;
 (ii) working capital requirements of our Group; and
 (iii) repayment of advances to any interested Director(s), if any.

If the actual expenses incurred pursuant to the Proposals are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our Group's working capital requirements.

Pending utilisation of proceeds for the abovementioned purposes, the proceeds arising from the Rights Issue with Warrants-C will be placed in deposits with licensed financial institutions or short-term money market instruments. Any interest and/or gain derived will be used for our Group's general working capital purposes.

Pursuant to Paragraph 8.22 of the Main Market LR, we will seek shareholders' approval in the event of a material change (i.e. 25.0% or more of the total proceeds raised) to the utilisation of proceeds raised from the from the Rights Issue with Warrants-C.

4.2 Proceeds to be raised from the exercise of Warrants-C

Based on the exercise price of the Warrants-C of RM0.10 each, the full exercise of Warrants-C will raise up to RM25.83 million under the Minimum Scenario and up to RM39.46 million under the Maximum Scenario.

Any proceeds arising from the exercise of the Warrants-C in the future shall be utilised within 24 months from the date of exercise of Warrants-C for the working capital requirements of our Group which includes but is not limited to payment of staff salaries, rental, purchase of raw materials, utilities payment, transportation and other related expenses for our ordinary course of business, the breakdown of which has yet to be determined at this juncture. The breakdown of such utilisation of proceeds is dependent on the proceeds raised from the exercise of Warrants-C, timing of such exercise of Warrants-C as well as the prevailing funding requirements of our Group. Pending utilisation of such proceeds, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for our Group.

5. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants-C:

5.1 Risks relating to our business

(a) Development and operational plans for the Biomass Power Plant are subject to risks related to delay, non-completion and cost overruns

Our Group does not have any prior experiences in undertaking the operations of the Biomass Power Plant. The development and operations of the Biomass Power Plant are subject to the following risks:

- (i) technical difficulties during the construction, testing, commissioning and operations of the Biomass Power Plant that might not be resolved in a timely or cost-effective manner. Furthermore, the Biomass Power Plant may not be successfully completed/constructed based on the proposed design and technical specifications.
- (ii) Pursuant to the approval letter by SEDA, the Biomass Power Plant should commence operations no later than 23 July 2023. The construction of the Biomass Power Plant may not be completed as scheduled or at all. Any delay in the development and commencement of operations of the Biomass Power Plant or inflation risk may result in potential cost overrun in the development and operational costs of the Biomass Power Plant. In addition, such delays may also result in BTMBP be in breach of the REPPA and our Group may be exposed to the following risks (but not limited to):

- (1) in the event our Group fails to meet the scheduled commercial operation dates as stipulated in the REPPA, our Group may be liable for the payment of liquidated damages;
- (2) in the event our Group fails to deliver the targeted electricity capacity output of 10MW to TNB in accordance with the REPPA, our Group would be subjected to penalty payments due to performance deficiency;
- (3) in the event our Group fails to meet the dispatch requirements of energy output as specified in any dispatch instruction, our Group would be subjected to certain penalty. Additionally, any failure to comply with or operate in conformity with certain operating standards or characteristics set out in the REPPA, our Group would be subjected to penalty payments for such failure; and
- (4) in the event our Group is unable to complete the construction of the Biomass Power Plant, which in turn may adversely impact the earnings and business operations of our Group.

Furthermore, any other material exposure to liquidated damages or service level penalties under the REPPA will materially and adversely affect the profitability, results of operations and financial performance of the Group. As such, the Group is taking effective measures to mitigate the abovementioned risks through comprehensive negotiation of the terms and conditions of the REPPA, to ensure its fairness and reasonableness to the parties involved, the recruitment of suitably trained and experienced management, and timely planning for the funding requirements.

- (iii) Any unforeseen interruption, down-time and non-satisfactory performance in the operations of the Biomass Power Plant as per planned/scheduled. In addition, BTM may need to curtail, delay or cancel any operations of the Biomass Power Plant due to variety of factors including unexpected weather conditions, equipment failures or accidents, pollution and other environmental risks, non-compliance with Governmental regulatory requirements and shortages or delays in the availability and the delivery of feedstock supply. This could potentially result in the operational interruptions of the Biomass Power Plant at the desire optimum level as well as unforeseen cost overruns, where the incurred actual operational costs exceeding its projected cost.

The occurrence of any of the abovementioned events may result in our Group not being able to achieve the desired financial results/outcome of the Biomass Power Plant, thus making the development and operations of the Biomass Power Plant no longer feasible in the long run.

(b) Risk of cost overruns, delay and non-completion of the plantation programme at the Plantation Lands

The Group shall be dependent on adequate supply of biomass feedstock source for power generation at the Biomass Power Plant. The Company has decided to undertake Sublease to allow the Group to undertake a plantation program to establish fast growing *Acacia mangium* plantations. The *Acacia mangium* is suitable as raw materials to produce fuel woods to be utilised as raw materials or feedstock to generate electricity from the Biomass Power Plant. The Biomass Power Plant will require the available feedstock supply of *Acacia mangium* of 350 tonnes per day to achieve optimum electricity power generation of between 8.1 MW and 11.5 MW. As such, the proposed plantation program at the Plantation Lands will involve the production of feedstock supply of 200 tonnes per day, whilst the remaining supply of feedstock of 150 tonnes/day shall be sourced from other suppliers of feedstocks.

As such, the plantation programme is subject to the following inherent risks:

- (i) abnormal adverse weather conditions such as excessive rainfall (*La Nina*) and prolonged drought (*El Nino*) will have an adverse impact on the yield of *Acacia mangium* trees at the Plantation Lands, including affecting the plantation schedules to be undertaken. This could potentially result in the plant at the desired optimum level as well as unforeseen cost overruns, where the incurred actual operational costs exceed its projected cost.
- (ii) the timber plantation industry is extremely labour intensive in that many of the routine tasks such as the planting, maintenance and harvesting of *Acacia mangium* trees has to be manually undertaken. In line with the Government directive to employers to reduce their dependence on foreign labour, plantation companies have been compelled to offer higher wages in order to attract local workers. The shortage of experienced managerial and supervisory personnel also contributes to increased staffing costs. Competition amongst plantation firms for experienced plantation workers may also contribute to wage inflation. Instituting progressive employment policies and staff welfare programmes would help to attract and retain personnel of the right calibre.
- (iii) insufficient supplies required for undertaking the plantation programme such as seeds, fertilisers, weeds and others, pollution and other environmental risks.

Based on the proposed planting programme prepared by the Group's management, the planting activities of *Acacia mangium* trees at the Plantation Lands is expected to take approximately 3 years, with the first felling from the areas under the Proposed Sublease will only commence in 2026. There are no assurances that the Group may generate adequate supply of feedstock (i.e. *Acacia mangium*) from the Plantation Lands or seek for other alternative supplies of feedstock source for the power generation at the Biomass Power Plant. Furthermore, the supply of feedstock (i.e. *Acacia mangium*) may be affected if the Group is unable to secure adequate funding sources (other than the funds to be raised from the Rights Issue with Warrants-C) to finance the proposed planting programme of *Acacia mangium* trees at the Plantation Lands.

In such an event, this could result in the disruption of power generation from the Biomass Power Plant which may affect the Company's reputation and/or resulting in BTMBP being unable to fulfil the required renewable energy installation of an annual minimum performance threshold of no less than 35.0% of the declared annual availability for each year during the effective period under the REPPA. In turn, this may lead to delay in revenue recognition and/or loss of revenue that may adversely affect the profitability as well as dampen the Group's growth. In addition, if for reasons beyond the Group's control, there are delays in the implementation planting schedule, there may be consequential increases in the Group's additional financial commitment which would adversely impact its profitability levels.

(c) Dependence on key management and qualified personnel

Our Group believes that our continued success will depend significantly on the abilities and continued efforts of our Directors and senior management. With our Group's human resources strategies to retain competent personnel such as encouraging participative management, providing competitive and performance-based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities, our management has expanded and strengthened over the years. The continued success of the Biomass Energy Business is dependent on the experience, commitment and efforts of the existing key management of the Group led by Datuk Woo, in providing ample guidance, leadership and directions to our younger members of our management team. Our Group is thus confident that it would not face difficulties when younger members of our

management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group.

However, the loss of key members of the senior management team could adversely affect our Group's ability to compete in the industry. The loss of services of any of the key management without any suitable and timely replacement may adversely affect the continued ability of the Biomass Energy Business to operate and compete successfully.

(d) Investment and financing risk

Our Group intends to finance the proposed planting programme of *Acacia mangium* trees at the Plantation Lands through funds to be raised from the Rights Issue with Warrants-C as well as internally-generated funds, other equity fundraising exercises and/or bank borrowings. If bank borrowings are secured to fund the proposed planting programme of *Acacia mangium* trees at the Plantation Lands, the gearing level of our Group will increase accordingly and any adverse movement in interest rates may adversely affect our Group's financial performance in the future.

In addition, our Group intends to fund the construction of the Biomass Power Plant via funds to be raised from the Rights Issue with Warrants-C of RM23.12 million and bank borrowings obtained from MBSB of RM92.48 million. Our Group may also obtain additional bank borrowings to fund the proposed planting programme of *Acacia mangium* at the Plantation Lands and operational costs of the Biomass Power Plant. Any potential fluctuation to the interest rate levels may result in our Group bearing additional interest payments for the payment of the said bank borrowings, which in turn affect the desired financial results/outcome of the Biomass Power Plant, as appraised in the independent feasibility report, thus making the development and operations of the Biomass Power Plant no longer feasible in the long run.

5.2 Risks relating to our industry

(a) Changes in technology in the biomass industry

The renewable energy industry is characterised by evolving technology standards that require improved features, such as more efficient power generation and improved aesthetics. As a new renewable energy industry player, our Group must keep abreast with the latest trend and technology in the renewable energy industry so that it can operate in the most cost effective and efficient manner. Our Group may lose its competitiveness if it fails to stay up to date with the latest technology which will then adversely affect its business.

To reduce the above risk, our Group will constantly keep abreast with the latest technologies available. Such market insights would take into consideration when our Group develops or upgrade the solutions to maintain its efficiency and competitive position in the biomass renewable energy industry.

(b) Business risks in the timber industry

Presently, our Group is principally involved in the following business activities:

- (i) logging, sawmilling and trading of sawn timber, logs and plywood;
- (ii) kiln-drying operations, timber moulding and manufacturing of finger jointed timber and lamination boards; and
- (iii) manufacturing and sale of biomass wood pellets.

Therefore, our Group is subject to certain risks inherent to the timber industry. These risks include but are not limited to severe weather conditions, raw material supply and prices, changes in the cost of labour, constraints in labour supply, changes in general economic and business conditions, foreign exchange rate fluctuations, unfavourable changes in local government and international policies, changes in consumer preferences and negative publicity from non-governmental organisations concerned with the effects of timber logging on the environment which may affect certain export markets, the development of new products and having a diversified market network.

Furthermore, the timber industry is exposed to the fluctuation in the selling prices and the demand for logs and timber products. Going forward, prices for logs are expected to remain firm as restrictions on log harvesting practiced in may log-producing countries will continue to reduce supply during a period of increasing demand. Thus, the selling prices of our Group's timber products will be subject to fluctuation in the selling prices and demand for our timber products (such as sawn timber, logs, plywood and wood pellets).

No assurance can be given that any changes to the aforementioned risks will not have any material adverse effects on the business operations and financial performance of our Group.

(c) Political, economic and regulatory considerations

Our business operations are subject to the jurisdiction of various governmental agencies or ministries. Any adverse development in the political, economic and regulatory conditions in Malaysia as well as in countries where our Group exports our products to could materially and adversely affect the financial and operational conditions and the overall profitability of our Group. Political and economic uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, political or social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

There can be no assurance that any material change in political, economic and regulatory conditions will not materially affect our operations and financial performance.

5.3 Risks relating to the Rights Issue with Warrants-C

(a) Capital market risks for the Rights Shares and the Warrants-C

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets as well as our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the TERP of our Shares upon or subsequent to the listing of and quotation for the Rights Shares in the Main Market of Bursa Securities.

The value of the Warrants-C depends on various factors, primarily the market price of our Shares, exercise price for the Warrants-C, remaining tenure of the Warrants-C, volatility of our share price and the perceived risk-free rates applicable in the relevant market. In view of this, there can be no assurance that the Warrants-C will be 'in-the-money' during the tenure of the Warrants-C. There can also be no assurance that an active market for the Warrants-C will develop upon or subsequent to the listing of the Warrants-C on Bursa Securities or if developed, that such market can be sustained.

Furthermore, you are reminded that should the outstanding Warrants-C expire at the end of its tenure, it will cease thereafter to be valid for any other purposes and hence, will no longer have any value.

(b) Failure or delay in the completion of the Rights Issue with Warrants-C

The Rights Issue with Warrants-C is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of our Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants-C.

In this respect, pursuant to Section 243 of the CMSA, in the event the Rights Issue with Warrants-C is aborted, all monies raised in the Rights Issue with Warrants-C will be refunded free of interest within 14 days to the Entitled Shareholders. Monies not paid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC.

In the event the Rights Issue with Warrants-C is aborted/terminated, and the Rights Shares have been allotted to the Entitled Shareholders, a return of monies to all holders of Rights Shares could only be achieved by way of cancellation of the share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our Company's creditors (where applicable) and either the confirmation of the High Court of Malaya or a solvency statement by our Board. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

(c) Potential dilution of existing shareholders' shareholdings

Entitled Shareholders who do not or are unable to subscribe fully for their entitlement pursuant to the Rights Issue with Warrants-C will have their proportionate percentage of shareholdings and voting interest in our Company reduced and the percentage of the enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly. Consequently, their proportionate entitlement to any future distribution, rights and/or allotment that our Company may make after completion of the Rights Issue with Warrants-C will correspondingly be diluted.

(d) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Company and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6. INDUSTRY OVERVIEW AND PROSPECTS

The following industry overview and prospects are an extract from the IMR Report and relevantly publicly available economic reports. The profile of the IMR is as follows:

Profile of Providence

Providence is an independent market research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since its inception in 2017, Providence has been involved in the preparation of independent market research reports for capital market exercises. Its reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

Profile of IMR Report signee, Melissa Lim Li Hua (“Melissa Lim”)

Melissa Lim is the Executive Director of Providence. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

All economic sectors expanded in the third quarter of 2022. The services sector strengthened further by 16.7% (2Q 2022: 12.0%), primarily supported by consumer-related subsectors. Better labour market conditions and the continued recovery in tourism provided strong impetus to retail and leisure-related activities. Policy measures such as the increase in minimum wage further supported domestic spending. The construction sector recorded a higher growth of 15.3% (2Q 2022: 2.4%) as all subsectors recorded improvements in activities. Commercial real estate, mixed-development and small-scale projects continued to support activities in the nonresidential and special trade subsectors.

During the quarter, domestic demand expanded by 13.1% (2Q 2022: 13.0%), driven by firm private sector expenditure. Private consumption growth remained robust at 15.1% (2Q 2022: 18.3%). This was attributed to the continued recovery in labour market conditions with higher employment and income growth. The strong performance was driven by spending across both necessities and discretionary items. Policy support, including the increase in minimum wage and Bantuan Keluarga Malaysia also spurred consumer spending.

Public consumption expanded at a faster pace of 4.5% (2Q 2022: 2.6%), attributable to higher growth in spending on supplies and services.

(Source: Quarterly Bulletin Vol. 37 No. 3 for the Third Quarter of 2022, Bank Negara Malaysia)

6.2 Outlook and prospects of the renewable energy industry and biomass market in Malaysia

The renewable energy industry in Malaysia, as measured by annual power generation of commissioned renewable energy installations via the FIT programme, grew from 589.5 gigawatt-hours (“GWh”) in 2015 to 1,362.8 GWh in 2021, registering a strong compound annual growth rate (“CAGR”) of 15.0%. During the same period, power generation from biomass plants under the FIT system hovered between 167.7 GWh and 282.2 GWh.

In 2020, overall power generation fell as a result of the COVID-19 pandemic which led to the implementation of MCO which restricted many businesses from operating. As many businesses in the manufacturing sector were restricted from operating, this led to lower consumption of power and difficulty in obtaining biomass feedstock for power generation. Power generation from biomass plants under the FiT program fell to 168.6 GWh in 2020.

The cumulative capacity of commissioned biomass and biogas plants in Malaysia stood at 82.0 MW in 2021. By 2025, an additional 99.6 MW will be added to the cumulative installed capacity through the FiT programme, from plants in progress. In general, the growth of the renewable energy industry in Malaysia, including the biomass industry, has been largely supported by the initiatives and measures taken by the Government of Malaysia to drive the adoption of renewable energy in the country.

Moving forward, the biomass industry in Malaysia is expected to continue to grow in light of the Government of Malaysia's aim to achieve 31.0% of installed capacity coming from renewable sources (including biomass) in 2025. Premised on the above, Providence estimates that the overall renewable energy industry in Malaysia will grow, in terms of annual power generation, from 1,687.7 GWh in 2022 to 2,588.4 GWh in 2024.

(a) Government initiatives to drive adoption of biomass energy as a source of electricity

The Government of Malaysia has introduced several policies to encourage adoption of biomass energy, including:

- **National Biomass Strategy 2020**

The National Biomass Strategy 2020 was launched in November 2011, with the aim of assessing ways to capitalise on biomass from the palm oil industry, being the largest producer of biomass in the country. Downstream use of palm oil biomass is expected to create RM30.0 billion in gross national income ("**GNI**"), an additional 66,000 employment opportunities, 12.0% reduction in carbon emissions and bring in RM25.0 billion in investments.

In 2013, version 2.0 of the Strategy was released with an expanded scope to include biomass from the forestry sector, and identifies Sarawak as being a large-scale opportunity for a fully integrated biomass hub due to its existing forestry activities, proximity, land availability and infrastructure. Among the feedstock sources identified include sawmill and veneer mill residues and woodchip, wood from existing plantations established for proposed pulpmills and chiplogs from plantations established for veneer and sawlogs, harvest residues which are a by-product of log production, as well as short rotation plantations such as grasses, canes and bamboo.

- **FiT program**

Malaysia's FiT program obliges Distribution Licensees (companies holding the licence to distribute electricity) to buy renewable energy from Feed-in Approval Holders and sets the FiT rate. The Distribution Licensees will pay for renewable energy supplied to the electricity grid for a specific duration. By guaranteeing access to the grid and setting a favourable price per unit of renewable energy, the FiT mechanism would ensure that renewable energy becomes a viable and sound long-term investment for companies, industries and individuals. In June 2021, SEDA opened applications for FiT quotas totalling 188MW for biogas (32 MW), small hydro (126 MW) and biomass (30 MW) resources in Peninsular Malaysia. The 2021 FiT quotas are estimated to generate RM1.5 billion in investments and create up to 600 job opportunities. As at LPD, SEDA has awarded FiT quotas totalling 175 MW for biogas, biomass and small hydro resources to 34 companies

under the 2021 FiT quota. Approved projects is expected to begin generating and supplying electricity from mid-2024 onwards. In June 2022, SEDA also opened applications via e-bidding for FiT quotas totalling 187 MW for biogas (30 MW), mini hydro (127 MW) and biomass (30 MW) resources. As at LPD, SEDA has awarded FiT quotas totalling 111.4 MW for biogas, biomass and small hydro resources to 32 companies.

- **Green Technology Financing Scheme**

The Green Technology Financing Scheme is a government initiative which was first implemented in 2010 until 31 December 2017. The goal of the scheme was to support the development of green technology within Malaysia by providing easier access to financing and at a low financing cost. The scheme was then later relaunched on 3 May 2018, though it was discontinued following the 14th General Election in May 2018. On 6 March 2019, the Ministry of Finance approved the reinstatement of the Green Technology Financing Scheme 2.0, which lasted until the end of 2020. In November 2020, the Government included the continuation of the Green Technology Financing Scheme 3.0 into Budget 2021 which is expected to last until 2022. Cumulatively, the Green Technology Financing Scheme was funded a total of RM7.5 billion to aid in the financial support for green technology/ component costs for producers, users and energy service companies. Additionally, producers, users and energy service companies are offered 60% government guarantee on financing provided by participating financial institutions, and a 2% rebate per annum on interest/profit rate, limited to the first 7 years of each loan.

- **Malaysia Renewable Energy Roadmap 2022-2025**

The Malaysian Renewable Energy Roadmap 2022-2035 is an initiative launched by the Ministry of Energy and Natural Resources ("KeTSA"). The goal of the initiative is to increase the mixed capacity of the renewable energy in the country in order to meet the country's electricity supply and climate change commitments through renewable energy sources, namely solar, bioenergy, hydro and new resources. The initiative aims to increase the renewable energy capacity in Malaysia to 31% of the national installed capacity mix by 2025, while providing employment opportunities for up to 47,000 people and generating investment values of RM53 billion by 2035. The initiative is projected to help Malaysia reduce carbon emissions from the electricity supply sector by up to 45.0% in 2030.

- **The Twelfth Malaysia Plan**

In an effort to make Malaysia a low-carbon nation status, the Government of Malaysia has implemented the Twelfth Malaysia Plan which includes various strategies aimed to reduce the production of greenhouse gas emissions. The key highlights in the Twelfth Malaysia Plan for the energy sector is the renewable energy target of 31.0% of the nation's total installed capacity by 2025, a commitment to reduce greenhouse gas emissions by up to 45.0% by 2030 and the introduction of a comprehensive National Energy Policy that will provide guidance and direction to achieving a long-term low-carbon target in the energy sector. Among the various strategies implemented under the Twelfth Malaysia Plan includes but is not limited to the following:

- (i) **Moving towards a low-carbon nation** through analyses and detailed studies conducted to formulate long-term low emission development plans, promoting green and resilient cities and townships, enhancing green mobility, augmenting low-carbon energy, and expanding the green market and government green procurement.

- (ii) **Ensuring sustainable energy for all** by enhancing the energy sector, through the inclusion of key initiatives to be implemented. Such initiatives include streamlining and harmonising existing energy-related policies to formulate a long-term single energy policy, and establishing a comprehensive communication plan between stakeholders and the energy industry.
- (iii) **Enhancing the electricity subsector** through the implementation of various initiatives, including creating a resilient electricity supply industry through digitalisation and to improve the energy market under the New Enhanced Dispatch Arrangement, strengthening the electricity supply system in Sabah, enhancing the grid system, expanding rural electricity coverage and enhancing energy efficiency. The focus will also be on increasing renewable energy installed capacity by further promoting existing mechanisms such as the Green Tariff Rider and Renewable Energy Certificate to create more options for consumers and industries. Further, energy storage systems will be further promoted to address the intermittency issues associated with renewable energy sources.

- **National Energy Policy, 2022-2040**

In September 2022, the Government of Malaysia launched the National Energy Policy, 2022-2040. The policy is a framework aimed to represent the government's priorities for the energy sector such as implementing initiatives, action plans and goals to be achieved for areas relating to renewable energy, grid systems, mobility trends and greenhouse gas reporting. The policy targets to increase the percentage of renewable energy in the total primary energy supply to 17%, cut down carbon dioxide emissions, improve energy access for rural communities, lesser reliance on energy import, and enhance energy source to reduce reliance on fossil fuels. Among the various initiatives and action plans that will be implemented under the National Energy Policy includes, but is not limited to the following:-

- (i) **Continue progress towards nationwide rural energy access** through expanding rural electrification by utilising cost effective solutions such as electricity grid access expansion and micro grids. This initiative aims to enhance energy equity by exploring solutions such as micro grid as well as utilising renewable energy sources such as biomass to provide socioeconomic benefits and create income for rural communities.
- (ii) **Enhance and unlock potential of indigenous bio-based energy resources** by enhancing renewable energy penetration to improve fuel source diversification, enhance domestic energy self-sufficiency and environmental sustainability. This initiative aims to optimise the role of bioenergy for power generation through exploring and implementing opportunities in bioenergy including biomass and/or biogas plants to support the cost-effectiveness of rural electrification.
- (iii) **Enhance environmental sustainability by focusing on high greenhouse gas emission areas** by identifying commercially viable solutions to cut down coal use in the cement sector, including switching fuel to biomass and enhancing plant capacity for energy efficiency, as well as identifying viable opportunities to switch from diesel to natural gas or biogas.

(b) Demand for energy due to growing population and economy

Malaysia is experiencing growth in population and economy, which requires exploring alternative energy sources to support the demand for energy.

The growing population in Malaysia results in increased demand for energy to sustain the needs of the population. The population in Malaysia was estimated to be 32.6 million in 2021, growing from 31.2 million in 2015. As the population continues to increase, there will be more demand for energy to sustain the needs across all sectors including residential, commercial and industrial. Malaysia's GNI per capita grew from RM36,710 in 2015 to RM46,051 in 2021. The increase in disposable income leads to a rise in a more affluent population with greater spending power. Consequently, consumer purchases would have an impact on demand for energy. As a result of the growing population and greater economic wealth, fossil fuels, which have been used in power generation, is depleting and will not be able to sustain demand for energy in the long term. The country has thus been progressively seeking renewable energy alternatives, including biomass, indicating growing potential demand for biomass energy.

(c) Availability of biomass feedstock for power generation

Malaysia is rich in natural forestry resources as well as has a strong agricultural sector due to fertile soil and tropical climate. The availability of organic materials, which are waste products from these sectors, provides biomass feedstock. Examples of feedstock are timber waste (i.e. wood residue, sawdust, offcuts, trims, shavings, bark), oil palm waste (i.e. empty fruit bunches, palm kernel shell, mesocarp fibres, oil palm fronds, oil palm trunks), paddy waste (i.e. rice husk, rice straw), coconut trunk fibres, municipal waste, sugar cane waste and manure. In addition to being utilised for power generation, biomass can also be used to manufacture products such as animal feed, bio-composites, bio-polymers, briquettes, compost, fertiliser, geotextiles and wood pellets. The consistent availability of biomass feedstock for exploitation indicates the potential for growth of the biomass industry in Malaysia.

(Source: IMR Report by Providence)

6.3 Overview and prospects of timber industry in Malaysia

Timber refers to wood which is obtained from growing trees and processed to become wood products. Some popular species of trees used as timber in Malaysia include balau, chengal, meranti, merbau, nyatoh, rubberwood and tualang. The wood products produced are typically used for construction and furniture-making. Among the types of timber-based products produced in Malaysia are logs, sawn timber, mouldings, veneer, plywood, particleboard, medium-density fibreboard, as well as carpentry and joinery items. These can be further processed to make products such as beams, cabinets and furniture, door and window frames and sills, flooring, joists, pallets, posts as well as rafters.

At times, timber can also be used as feedstock for biomass power plants. Biomass power plants will use organic materials such as timber and converts it into energy such as heat. It is considered a cleaner source of energy and reduces reliance on fossil fuels which are finite, such as coal, gas and oil.

The timber industry in Malaysia, as depicted by production of timber products, declined from 22.8 million cubic metres in 2014 to 16.9 million cubic metres in 2018. Providence estimates that the production of timber products was 16.8 million cubic metres in 2021. The decline in number of wood products is largely due to the decreasing mature planted timber in the country.

Nevertheless, the timber industry is largely driven by the demand for timber from the end-user industries, namely the construction, furniture and biomass industries. The biomass industry, which is also an end-user industry for timber where timber is used as feedstock, has also

supported demand for timber in the country. The cumulative installed capacity of commissioned biomass plants in Malaysia stood at 82.0 MW in 2021. By 2025, an additional 99.6 MW will be added to the cumulative installed capacity, from plants in progress via the FiT system.

Recognising the importance of the timber industry, both in terms of supporting local demand as well as for exports, the Government of Malaysia has continuously implemented measures to support the growth of the industry.

The Malaysia Timber Industry Board (“**MTIB**”) is the federal statutory body responsible for the development of the timber industry in the country. Having identified human resource development as a critical component of the development of the timber industry, MTIB set up the Wood Industry Skills Development Centre in Selangor and Sabah, with the aim of increasing productivity and competitiveness of the industry. These centres provide industrial training to improve skilled labour, provide technical advice, assist in product development and expedite technology transfer to modernise the wood processing industry. MTIB also has a Certification Body which runs a Product Certification Scheme for timber products. The scheme is based on 2 technical criteria, namely that the products are in conformity with applicable standards, and that manufacturers have adequate quality assurance systems.

The Malaysian Timber Council (“**MTC**”) was established to promote the Malaysian timber trade and develop the market for Malaysian timber products globally, as well as to expand the industry’s manufacturing technology base and value-adding its production line. The MTC has a Five-Year Plan (2019-2023) which lays out its strategic direction in transforming the timber industry in Malaysia. Among the measures identified are:

- Financial incentive for purchase of machinery to encourage timber-based manufacturers to automate and adopt the latest technology;
- Design Incubator Programme which is a collaboration between timber and furniture manufacturers with designers or architects to develop Malaysian-made high-value branded products with design concepts; and
- Product development to promote utilisation of local timber species to produce high-value products.

In addition, the respective State Forestry Departments are responsible for regulating and licensing the collection of forest produce, including timber, as well as factories under wood-based industries, such as sawmills and furniture mills. This would preserve the forest reserves and sustainability of timber resources. The various Government initiatives are expected to improve the outlook of the timber industry in Malaysia to become more sustainable, productive and competitive, while transforming to produce more value-added products.

(Source: IMR Report by Providence)

6.4 Prospects of our Group

In recent years, our Group has undertaken several initiatives to improve its financial condition and identify alternative business ventures with potentials to provide a new stream of revenue to our Group. To this end, our Group has undertaken several efforts in diversifying its income stream to enhance its financial position and results, as follows:

(a) Expansion of existing business activities and undertaking continuous cost optimisation exercise

Our Group has been actively seeking to expand its customer base by promoting and marketing its products such as wood pellet, moulding and finger jointed timber both locally and oversea markets, particularly in New Zealand, Korea and Japan. To this effect, our Company has on 14 October 2021 incorporated a new subsidiary in New Zealand, BTM Biomass NZ Limited, to undertake potential sales and marketing activities of its

wood-based products in New Zealand and Oceania. In addition, our Group is currently also studying and exploring the use of pinewoods as an alternative source of raw materials to be used in the manufacturing of moulding and finger jointed timber products, which are presently high in demand by its foreign customers in the overseas markets (especially in Middle East and East Asia). The use of such input/raw materials are expected to reduce the overall cost for our Group's existing manufacturing activities.

In line with our Group's long-term plans to continuously optimising its operational cost and efficiency, our Group is progressively monitoring our overheads and strive to enhance and automate the existing manufacturing lines for our Group's moulding and finger jointed timber products in order to improve the manufacturing capabilities and efficiency to cater for increased overseas inquiries for its finger joint and moulding products. Our Group intends to upgrade and acquire new machineries such as dryer, extruders, optimizers (to automate the process of cutting raw materials into optimal sizes for finger joint), finger joint machine and related equipment/tools, which will cost an estimated total of RM1.80 million by first half of 2023, which shall be funded via internally generated funds and/or bank borrowings to be obtained, the breakdown of which has not been determined at this juncture.

However, our Group's future plans and prospects above are subjected to the business risk in the timber industry, as highlighted in Section 5.1(c) as well as the political, economic and regulatory considerations as highlighted in Section 5.2(b).

(b) Increase utilisation of the production capacity for the wood pellet manufacturing lines

BTM currently has manufacturing lines of wood pellets, with a combined planned production capacity of 9,000 tonnes per month and current utilisation rate of an average of 3,000 tonnes per month. Our Group intends to increase its utilisation to 6,000 tonnes per month by the first half of 2023 by upgrading the production lines with additional wood chipper, hammer mill and related equipment costing approximately RM800,000 to cater for more types of input materials such as wood waste, branches, wood logs instead of just relying on sawdust as the main input materials for the manufacturing of wood pellet. Such expansion plans shall be funded via internally generated funds and/or bank borrowings to be obtained, the breakdown of which has not been determined at this juncture

Presently, our Group's manufacturing of biomass wood pellet has been heavily relying on using saw dust as its main source of raw materials for the manufacturing of biomass wood pellet, which has resulted in overall high cost of productions, thus impacting its overall margins. Hence, our Group is considering other alternative sources of input/raw materials for its manufacturing activities and is currently in the midst of modifying its existing production lines to cater for other types of input materials input. This is expected to reduce its overall production costs as well as diversifying its source of input materials therefore improving its overall efficiency levels.

However, our Group's future plans and prospects above are subjected to the business risk in the timber industry, as highlighted in Section 5.1(c) as well as the political, economic and regulatory considerations as highlighted in Section 5.2(b).

(c) Diversification into the Biomass Energy Business

Our Group plans to venture into the Biomass Energy Business via the Diversification, which is in line with our Group's long-term strategies to diversify its income stream which helps to reduce the reliance on our Group's existing core business by providing a stable and recurring long-term source of income to be generated from the Biomass Power Plant under the FiT system.

In addition, on 11 May 2022 and 7 June 2022, our Company had announced that BTM Land Sdn Bhd ("**BTM Land**"), a wholly-owned subsidiary of BTM, has on 10 May 2022 received an email from SEDA to inform that BTM Land has been successful in its application for the additional FiT quota for a biomass resources under e-bidding mechanism for the year 2021 with an installed capacity of 8 MW. Details of the additional approval obtained are as follows:

Effective period	:	21 years (commencing from the FiT commencement date on 11 May 2025)
Scheduled FiT commencement date	:	11 May 2025
FiT rate (RM/kWh)	:	0.3383
Location of renewable energy installation	:	Teluk Kalong Land
Installed capacity	:	8.00 MW
Net export capacity	:	7.00 MW
Declared annual availability	:	BTM Land shall ensure that its renewable energy installation meets an annual minimum performance threshold of no less than 35.0% of the following declared annual availability for each year during the effective period:

<u>Year</u>	<u>Declared annual availability (MW/hour)</u>
2025	36,054.7945
2026 to 2045	56,000 per year
2046	19,945.2055

BTM Land and TNB have executed a renewable energy power purchase agreement dated 25 July 2022 for a FiT concession period of 21 years for electricity. Our Group envisages that it shall undertake the construction and development activities of the new biomass power plant within the Teluk Kalong Land via combination of internally generated funds, bank borrowings and/or equity fund raising exercise to be undertaken in the future. Further details will be announced by our Company once all financing and development details of the new biomass power plant within the Teluk Kalong Land has been finalised. For avoidance of doubt, the abovementioned biomass power plant is not related to our Biomass Power Plant.

Our Group may further expand its Biomass Energy Business by undertaking potential joint ventures for the development and operations of other biomass power plants in Malaysia. With the availability of feedstock supplies from its Plantation Lands in the future, our Group is in the position to explore new biomass power plant projects in other locations within Malaysia. Moving forward, our Group will also continuously monitor the latest developments in the property market in Malaysia and aims to time the launches of its future renewable energy and biomass projects to capitalise on the demand for renewable energy as and when appropriate.

Premised on the outlook of the renewable energy and biomass as well as timber industries above, the management of BTM believes that biomass renewable energy is a rapidly growing renewable energy source in Malaysia. The management therefore takes a favourable view of the Biomass Energy Business in the long term, based on the increasing demand for renewable energy.

In addition, after taking into consideration the above and the outlook and prospects of the Malaysian economy, renewable energy industry and biomass market in Malaysia as well as timber industry in Malaysia, as set out in Sections 6.1 to 6.3 of this Abridged Prospectus as well as our future plans and prospects as set out above, our Board and management is cautiously optimistic that our Group will be able to deliver positive results and in turn, enhance shareholders' value in BTM.

The Rights Issue with Warrants-C will fund the Sublease, plantation program to be undertaken at the Plantation Lands as well as the construction cost of the Biomass Power Plant as set out in Section 4.1, which is in line with our Group's aims to enhance its intention to further venture into the Biomass Energy Business, and to reduce the reliance on our existing core business by providing a stable and recurring long-term source of income. The management believes that the investment into the development of Biomass Power Plant is a more reliable and stable source of long-term income compared to our other business segments, and will therefore be beneficial to BTM's future prospects.

However, our Biomass Energy Business is subjected to the inherent risks related to delay, non-completion and cost overruns on the development and operational plans for the Biomass Power Plant (as highlighted in Section 5.1(a)) as well as plantation programme at the Plantation Lands (as highlighted in Section 5.1(b)). The continued success of our Biomass Energy Business will depend significantly on the abilities and continued efforts of our Directors and senior management (as highlighted in Section 5.1(c)). We may also be subjected to investment and financing risk arising from the development and operations of the Biomass Power Plant in the long run (as highlighted in Section 5.1(d)) as well as changes in technology in the biomass industry (as highlighted in Section 5.2).

7. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS-C

7.1 Share capital

The pro forma effects of the Rights Issue with Warrants-C on the share capital of our Company are set out below:

Details	Minimum Scenario		Maximum Scenario	
	No. of BTM Shares		No. of BTM Shares	
	'000	RM'000	'000	RM'000
Issued share capital as at the LPD	171,026	34,129	171,026	34,129
Assuming full exercise of Warrants-B	-	-	26,295	⁽ⁱ⁾ 8,861
	171,026	34,129	197,321	42,990
Rights Shares to be issued pursuant to the Rights Issue with Warrants-C	775,000	⁽ⁱⁱ⁾ 36,617	1,183,929	⁽ⁱⁱ⁾ 55,250
Enlarged issued share capital	946,026	70,296	1,381,250	98,240
New Shares to be issued assuming full exercise of the Warrants-C	258,333	⁽ⁱⁱⁱ⁾ 51,666	394,643	⁽ⁱⁱⁱ⁾ 78,929
New Shares to be issued assuming full exercise of existing and additional Warrants-B	35,125	^(iv) 9,222	-	-
Enlarged issued share capital	1,239,484	131,184	1,775,893	177,169

Notes:

- (i) Based on the exercise price of RM0.20 per Warrant-B as well as reversal of warrant reserve for Warrants-B.
- (ii) Computed based on the issue price of RM0.08 per Rights Share and creation of warrant reserve for Warrants-C.

- (iii) Computed based on the exercise price of RM0.10 per Warrant-C as well as reversal of warrant reserve for Warrants-C.
- (iv) Computed based on the adjusted exercise price of RM0.16 per Warrant-B as well as the reversal of warrant reserve for Warrants-B.

7.2 Earnings and EPS

The Rights Issue with Warrants-C is also not expected to have a material effect on the earnings of our Group for FYE 2022. However, our EPS may be diluted upon the issuance of the Rights Shares and the new BTM Shares arising from the exercise of the Warrants-C.

The potential effects of the Rights Issue with Warrants-C on the future consolidated earnings and EPS of BTM Group will depend on, amongst others, the level of returns generated from the use of proceeds to be raised from the Rights Issue with Warrants-C.

For illustration purposes, based on the audited consolidated financial statements of BTM for FYE 2021 and assuming that the Rights Issue with Warrants-C had been completed at the beginning of FYE 2021, the pro forma effects of the Rights Issue with Warrants-C on the earnings and EPS are as follows:

	RM'000	Minimum Scenario		Maximum Scenario	
		(i)LPS (sen)	(ii)LPS (sen)	(iii)LPS (sen)	(iv)LPS (sen)
Loss after taxation attributable to the owners of our Company for FYE 31 December 2021	(6,053)	(0.64)	(0.49)	(3.54)	(0.34)
Less: Estimated expenses for the Rights Issue with Warrants-C (which are non-recurring in nature)	(2,500)	(0.26)	(0.20)	(1.46)	(0.14)
Pro forma loss after taxation attributable to the owners of our Company and LPS⁽ⁱⁱⁱ⁾	(8,553)	(0.90)	(0.69)	(5.00)	(0.48)

Notes:

- (i) Based on the enlarged share capital of 946,026,388 Shares after the Rights Issue with Warrants-C but before full exercise of Warrants-B and Warrants-C.
- (ii) Based on the enlarged share capital of 1,239,484,930 Shares after the Rights Issue with Warrants-C as well as the full exercise of Warrants-B and Warrants-C.
- (iii) Based on the existing share capital of 171,026,388 Shares before the Rights Issue with Warrants-C as well as the full exercise of Warrants-B and Warrants-C.
- (iv) Based on the enlarged share capital of 1,775,893,806 Shares after the Rights Issue with Warrants-C as well as the full exercise of Warrants-B and Warrants-C.
- (v) Exclude any potential contributions to our Group's future earnings arising from the utilisation of proceeds as stated in Section 4.1 above.

7.3 Convertible securities

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

Consequential to the Rights Issue with Warrants-C, the exercise price and/or number of Warrants-B which are not exercised prior to the Entitlement Date may be adjusted in accordance with the provisions of the Deed Poll B to ensure that the status of the Warrants-B holders is not prejudiced as a result of the Rights Issue with Warrants-C.

For illustrative purposes, the adjustments arising from the Rights Issue with Warrants-C are based on the following parameters:

- (a) the Entitlement Date;
- (b) the 5D-VWAMP of the Shares up to and including the last market day immediately preceding the date of the announcement of the Rights Issue with Warrants-C of RM0.1132;
- (c) an issue price of RM0.08 per Rights Share and exercise price of RM0.10 per Warrant-C;
- (d) the following formulae as provided for in Deed Poll B:

$$\begin{aligned} \text{Adjusted exercise price of Warrants B} &= \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \times \text{Existing exercise price of Warrants B} \\ \text{Additional number of Warrants B} &= \text{Adjusted number of Warrants B} - \text{Existing number of Warrants B} \\ &= \frac{\text{Existing number of Warrants B} \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - \text{Existing number of Warrants B} \end{aligned}$$

where:

- C = the 5D-VWAP of each Share up to and including 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 such announcement), immediately preceding the date of the announcement of the entitlement date of the capital distribution or, as the case may be, of the offer or invitation or (where appropriate), any relevant date as may be determined by the Company in consultation with an approved adviser or the auditors
- G = the aggregate number of issued Shares on the Entitlement Date
- H = the aggregate number of new Shares to be issued pursuant to an offer or invitation to acquire or subscribe for Shares by way of rights or by way of rights to acquire or subscribe for securities convertible into Shares or the rights to acquire or subscribe for Shares, as the case may be
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights
- I = the subscription consideration of 1 additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share, as the case may be
- I* = the subscription consideration of 1 additional Share under the offer or invitation to acquire or subscribe for Shares
- J = the aggregate number of Shares to be issued to Shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the Shareholders
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share

Hence, the adjustments to the exercise price and the number of Warrants-B under the Rights Issue with Warrants-C are as follows:

$$\begin{aligned} \text{Adjusted exercise price of Warrants B} &= \frac{(171,026,388 \times \text{RM}0.1132) + (1,026,158,328 \times \text{RM}0.20 \times \text{RM}0.08) + (342,052,776 \times \text{RM}0.10)}{(171,026,388 + 1,026,158,328 + 342,052,776) \times \text{RM}0.1132} \\ &= \text{RM}0.16 \text{ (rounded up to the nearest 1 sen in accordance to the provisions of the Deed Poll B)} \\ \\ \text{Adjusted number of Warrants B} &= \frac{(171,026,388 + 1,026,158,328) \times \text{RM}0.1132}{(171,026,388 \times \text{RM}0.1132) + (1,026,158,328 \times \text{RM}0.08)} \times 26,295,146 \\ &= 35,125,209 \\ \\ \text{Additional number of Warrants B} &= 35,125,209 - 26,295,146 \\ &= 8,830,063 \end{aligned}$$

7.4 NA and gearing

Based on the audited consolidated financial statements of BTM as at 31 December 2021, the pro forma effects of the Rights Issue with Warrants-C (after adjusting for the utilisation of proceeds arising from the Rights Issue with Warrants-C) on the consolidated NA and gearing position of BTM are shown below:

Minimum Scenario

	Audited as at 31 December 2021	⁽ⁱ⁾⁽ⁱⁱ⁾After Rights Issue with Warrants-C	^{(iii)(iv)}After full exercise of Warrants-C, Warrants-B and additional Warrants-B
	RM'000	RM'000	RM'000
Share capital	34,129	70,296	131,184
Revaluation reserves	20,714	20,714	20,714
Capital reserves	119	119	119
Warrant reserves	3,602	29,435	-
Accumulated losses	(39,822)	(42,322)	(42,322)
	18,742	78,242	109,695
Non-controlling interest	(11)	(11)	(11)
Total equity / NA	18,731	78,231	109,684
Number of shares in issue	171,026	946,026	1,239,484
NA per ordinary share (RM) ^(v)	0.11	0.08	0.09
Borrowings (interest-bearing) (RM '000)	234	^(vii) 92,714	^(vii) 92,714
Gearing ratio (times) ^(vi)	0.01	1.19	0.85

Notes:

- (i) Based on the issuance of 775,000,000 Rights Shares at the issue price of RM0.08 per Rights Share together with issuance of 258,333,333 Warrants-C and after deducting estimated expenses for the Rights Issue with Warrants-C of RM2.50 million.

- (ii) After accounting for the creation of warrants reserve based on the issuance of 258,333,333 Warrants-C at an estimated fair value of RM0.10 per Warrant-C (determined using the Black-Scholes option pricing model), based on the following assumptions:

Fair value of share	: RM0.1173
Warrant exercise price	: RM0.10
Warrant exercise period	: 5 years commencing from date of issuance until date of expiry
Risk free interest rate	: 3.90% per annum
Volatility of share price	: 97.463%

- (iii) Based on the exercise price of RM0.10 per Warrant-C and after accounting for the reversal of warrant reserve.
- (iv) Based on the full exercise of Warrants-B and additional Warrants-B at the revised exercise price of RM0.16 each and after accounting for the reversal of warrant reserve.
- (v) Computed by taking the total NA of our Group divided by the number of Shares in issuance.
- (vi) Computed by taking the total borrowings over the total equity of our Group.
- (vii) The increase in borrowings is due to the bank borrowings to be obtained from MBSB of RM92.48 million for the construction of the Biomass Power Plant.

Maximum Scenario

	Audited as at 31 December 2021	(i)After full exercise of Warrants-B	(ii)(iii)After Rights Issue with Warrants-C	(iv)After full exercise of Warrants-C
	RM'000	RM'000	RM'000	RM'000
Share capital	34,129	42,990	98,240	177,169
Revaluation reserves	20,714	20,714	20,714	20,714
Capital reserves	119	119	119	119
Warrant reserves	3,602	-	39,464	-
Accumulated losses	(39,822)	(39,822)	(42,322)	(42,322)
	18,742	24,001	116,215	155,680
Non-controlling interest	(11)	(11)	(11)	(11)
Total equity / NA	18,731	23,990	116,204	155,669
Number of shares in issue ('000)	171,026	197,321	1,381,250	1,775,893
NA per ordinary share (RM) ^(v)	0.11	0.12	0.08	0.09
Borrowings (interest-bearing) (RM '000)	234	234	^(vii) 92,714	92,714
Gearing ratio (times) ^(vi)	0.01	0.01	0.80	0.60

Notes:

- (i) Assuming full exercise of 26,295,146 outstanding Warrants-B at the exercise price of RM0.20 each and after accounting for the reversal of warrant reserve.
- (ii) Based on the issuance of 1,183,929,204 Rights Shares at an issue price of RM0.08 each together with the issuance of 394,643,068 Warrants-C and after deducting estimated expenses for the Rights Issue with Warrants-C of RM2.50 million.
- (iii) After accounting for the creation of warrants reserve based on the issuance of 394,643,068 Warrants-C at an estimated fair value of RM0.10 per Warrant-C (determined using the Black-Scholes option pricing model), based on the following assumptions:

Fair value of share	:	RM0.1173
Warrant exercise price	:	RM0.10
Warrant exercise period	:	5 years commencing from date of issuance until date of expiry
Risk free interest rate	:	3.90% per annum
Volatility of share price	:	97.463%

- (iv) Based on the exercise price of RM0.10 per Warrant-C and after accounting for the reversal of warrant reserve.
- (v) Computed by taking the total NA of our Group divided by the number of Shares in issuance.
- (vi) Computed by taking the total borrowings over the total equity of our Group.
- (vii) The increase in borrowings is due to the bank borrowings to be obtained from MBSB of RM92.48 million for the construction of the Biomass Power Plant.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital and sources of liquidity

Our Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions/lenders as well as our Group's existing cash and bank balances.

As at LPD, we hold cash and bank balances of RM0.52 million as well as fixed deposits of RM0.25 million. Save for the term loan facility of RM3.40 million secured from Hai Meng Marketing Sdn Bhd (as disclosed below), our Group presently do not have access to any other unused sources of liquidity.

Our Board confirms that, after taking into consideration the funds generated from our Group's operations, the financing facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Warrants-C, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus. This is arrived at after taking into consideration the following factors:

- (a) On 10 November 2022, our Company announced that we have obtained financing from a licensed moneylender, details of which are as follows:

Lender	:	Hai Meng Marketing Sdn Bhd (Licensed moneylender)
Type of facility	:	Term loan
Amount	:	RM3.40 million
Interest rate	:	6.0% per annum
Period	:	36 months
Date	:	10 November 2022
Purposes	:	Working capital requirements
Charge	:	Secured by a legal charge over all that piece of land together with the five and half (5 1/2) storey building erected therein bearing the postal address of No. 101, Tingkat 3, Wisma Kam Choon, Jalan Kg. Tiong, 20100 Kuala Terengganu, Terengganu held under Geran Negeri 12710, No. Lot 4288, Bandar Kuala Terengganu, Daerah Kuala Terengganu, Negeri Terengganu with an area approximately 385 square metres

- (b) The proceeds to be raised of RM1.10 million under the Minimum Scenario of the Rights Issue with Warrants shall be channelled towards the funding of the Group's working capital requirements.

- (c) Pursuant to the Biomass Energy Business, BTMBP had on 23 November 2020 awarded the EPCC works in relation the construction and development of the Biomass Power Plant to SSB for the total contract sum of RM115.60 million. The construction cost for the Biomass Power Plant will be partly financed via the bank borrowings obtained from MBSB on 27 April 2021 of RM92.48 million. With such financing facility available, our Group are expected to be able to have sufficient funds required for the financing of our working capital requirements for the Biomass Energy Business
- (d) As highlighted in Section 6.4(a) of this Abridged Prospectus, our Group plans to continuously optimise its operational cost and efficiency. In this respect, our Group is progressively monitoring our overheads and strive to enhance and automate the existing manufacturing lines for our Group's moulding and finger jointed timber products in order to improve the manufacturing capabilities and efficiency to cater for increased overseas inquiries for its finger joint and moulding products. This will in turn allow us to ensure that we will continuously have sufficient working capital to fund our day-to-day operations in the next 12 months.
- (e) As highlighted in Section 6.4(b) of this Abridged Prospectus, our Group intends to increase the utilisation of production capacity for the wood pellet manufacturing lines, in order to cater for the expected increase in demand for wood pellets from our customers. In order to cater for such expansion plans, we have been requesting our customers to place a minimum deposit of up to 50% upon executing the purchase orders received from our customers for the purchase of wood pellets. Such deposit will enable our Group to have sufficient funds to purchase the necessary raw materials and fund our other working capital required towards the manufacturing of wood pellets to be delivered to our customers, which normally takes up to 3 months from the date of purchase orders received.
- (f) Our Group has made the necessary applications with our lenders/financial institutions for additional credit facilities (comprising of revolving credit and bank overdrafts) to fund our immediate working capital requirements in the next 12 months. The outcome of such applications are expected to be made available by the first quarter of 2023.

8.2 Borrowings

As at LPD, our Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out below:

Borrowings	Outstanding amount as at LPD RM'000
Short term borrowing (Secured)	
Term loans	1,001
Hire-purchase	30
Long term borrowing (Secured)	
Term loans	2,399
Hire-purchase	30
	3,460

Our Group has not incurred any foreign borrowings/financing. There has not been any default on payments or either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

8.3 Material commitments

Saved as disclosed below, as at LPD, our Board confirms that there are no material capital commitments, incurred or known to be incurred by BTM Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group:

No.	Details	RM'000
(a)	Construction cost of the Biomass Power Plant ⁽¹⁾	115,600
(b)	Payment of Sublease Consideration to SPPT ⁽¹⁾	24,700
(c)	Payment of Total Lease Consideration to PMINT ⁽²⁾	15,864
(d)	Purchase of Waste Wood Products from SPPT ⁽³⁾	172,462
(e)	Purchase of Waste Wood Products from BTMTI ⁽³⁾	34,492
Total		363,118

Notes:

- (1) The construction cost of the Biomass Power Plant and payment of Sublease Consideration to SPPT is expected to be funded via the proceeds raised from the Rights Issue with Warrants-C as set out in Section 4.1 and bank borrowings to be undertaken from MBSB of RM92.48 million.
- (2) The Lease of Teluk Kalong Land shall be divided into 3 phases, namely the following:

Phase	Size of land (acres)	Lease consideration (RM)
1	20	3,965,919
2	30	5,948,879
3	30	5,948,879
Total	80	15,863,677

As at the LPD, part of the lease consideration amounting to RM2.30 million has been paid to PMINT via the advances provided to our Group from Dato' Seri Yong. The remaining lease consideration is expected to be paid via bank borrowings and/or internally generated funds. Kindly refer to **Appendix I(D)** of this Abridged Prospectus for further details of salient terms and conditions of the Lease Agreement.

- (3) The purchase of Wood Waste Products from SPPT and BTMTI is expected to be funded via internally generated funds and/or bank borrowings to be obtained, the breakdown of which has not been determined at this juncture. Kindly refer to **Section 2 of Appendix I(B)** for further details of the purchase of the Wood Waste Products from SPPT and BTMTI.

8.4 Contingent liabilities

Saved as disclosed below, as at LPD, our Board confirms that there are no other contingent liabilities, incurred or known to be incurred by BTM Group, which upon becoming enforceable, may have a material impact on the financial position or business of our Group:

Details	RM'000
Bank guarantees given by BTM to financial institution for the deposit of the supply of electricity to be supplied by TNB to BTM Group's existing manufacturing facility in Ajil, Terengganu	150

8.5 Material transactions

Our Board confirms that save for the Proposals, there are no other transactions which may have a material effect on our operations, financial position and results since the latest audited consolidated financial statements of our Group for FYE 2021.

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

This Abridged Prospectus and the RSF contain full instructions for the acceptance of and payment for the Provisional Rights Shares with Warrants-C as well as the Excess Rights Shares with Warrants-C applications and the procedures to be followed if you and/or your renounee(s)/transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement. You and/or your renounee(s)/transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. The RSF must not be circulated unless accompanied by this Abridged Prospectus.

9.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants-C, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants-C. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants-C into your CDS Account and the RSF which is to be used for the acceptance of the Provisional Rights Shares with Warrants-C, and for the application of any Excess Rights Shares with Warrants-C under excess application, should you wish to do so.

This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

The outcome of the subscription of the Rights Issue with Warrants-C shall be announced after the Closing Date.

9.2 NPA

The Provisional Rights Shares with Warrants-C are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares with Warrants-C will be by book entries through CDS Accounts and will be governed by the SICDA and the rules of Bursa Depository. Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

9.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants-C is on Friday, 6 January 2023 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

We shall make an announcement on the outcome of the Rights Issue with Warrants-C after the Closing Date.

9.4 Methods of acceptance and application

You may subscribe for the Provisional Rights Shares with Warrants-C as well as apply for Excess Rights Shares with Warrants-C, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

9.5 Procedure for full acceptance and payment

9.5.1 By way of RSF

Acceptance and payment for the Provisional Rights Shares with Warrants-C allotted to you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR PROVISIONAL RIGHTS SHARES WITH WARRANTS-C, EXCESS RIGHTS SHARES WITH WARRANTS-C AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renounee(s) (if applicable) accepting the Provisional Rights Shares with Warrants-C are required to complete Part I(a) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Sectrars Management Sdn Bhd

Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur

Telephone number: +603-2276 6138

so as to arrive not later than 5.00 p.m. on Friday, 6 January 2023, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

If you and/ or your renounee(s) and/ or transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renounee(s) and/ or transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our registered office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than 1 CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renounee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Issue that can be subscribed for or accepted is 1 Rights Share. However, you and/ or your renounee(s) and/ or transferee(s) (if applicable) should take note that a trading board lot for the Rights Issue comprises of 100 Rights Shares. Fractions of Rights Shares, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

Successful applicants of the Rights Shares will be given free attached Warrants on the basis of 1 Warrant for every 3 Rights Share successfully subscribed for. The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. However, you should take note that a trading board lot for the Rights Shares with Warrants-C will comprise 100 Rights Shares and 100 Warrants respectively. Fractional entitlements arising from the Rights Issue with Warrants-C will be disregarded and dealt with by our Board as they may deem fit and expedient and in the best interest of our Company.

If acceptance and payment for the Rights Shares with Warrants-C provisionally allotted to you and/or your renounee(s) (if applicable) is not received by the Share Registrar on Friday, 6 January 2023 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounee(s) (if applicable) will be deemed to have declined the Provisional Rights Shares with Warrants-C made to you and/or your renounee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants-C not taken up by you will be allotted to the applicants applying for Excess Rights Shares with Warrants-C. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renounee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "BTM RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS-C. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT YOUR OWN RISK.

ALL RIGHTS SHARES AND WARRANTS-C TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND WARRANTS INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

9.5.2 By way of e-Subscription

If you are an Entitled Shareholder, the e-NPA and e-RSF are available to you upon your login to "Sectrars Online" portal at <https://www.sectrars.my>. You are advised to read instructions as well as the terms and conditions of the e-Subscription.

The e-Subscription is only available to Entitled Shareholders who are individual. Corporate or institutional Entitled Shareholders will have to complete the RSF for the application to the Rights Issue as set out in Section 9.5.1 above.

Individual registered Entitled Shareholder who wish to subscribe for the Provisional Rights Shares with Warrants-C and apply for Excess Rights Shares with Warrants-C by way of e-Subscription shall take note of the following:-

- (a) any e-Subscription received by the Share Registrar after the Closing Date shall be regarded as null and void and of no legal effect unless our Board in its absolute discretion determines otherwise;
- (b) you may choose to subscribe the Rights Shares with Warrants-C which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus. Any verified as valid e-Subscription, once received by the Share Registrar from you, is irrevocable and shall be binding on you;
- (c) the e-Subscription made must be in accordance with the procedures of submitting using "Sectrars Online" portal, terms and conditions of e-Subscription, this Abridged Prospectus and e-RSF. Any e-Subscription that does not conform to the terms and conditions of "Sectrars Online", this Abridged Prospectus and e-RSF may not be accepted at the sole discretion of our board. Our board reserves the right at its absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed;
- (d) the number of Rights Shares you are entitled to under the Rights Issue is set out in the e-NPA/e-RSF. You are required to indicate the number of Rights Shares you wish to accept and number of Excess Rights Shares you wish to apply in the e-RSF;
- (e) each subscription of e-RSF must be accompanied by the remittance in RM which is to be made to the bank account as follows:

(i) **Acceptance of Rights Shares with Warrants-C**

Name of account : BTM RIGHTS ISSUE ACCOUNT
 Name of bank : PUBLIC BANK BERHAD
 Bank account no. : 3232127500

(ii) **Application of Excess Rights Shares with Warrants-C**

Name of account : BTM EXCESS RIGHTS ISSUE
 Name of bank : PUBLIC BANK BERHAD
 Bank account no. : 3232127828

(iii) You are required to pay an additional fee of RM15.00 being stamp duty and handling fee for each e-Subscription per CDS account into our Share Registrar's bank as follow:-

Name of account : SECTRARS MANAGEMENT SDN BHD
 Name of bank : CIMB BANK BERHAD
 Bank account no. : 8602189076

Procedures to make e-Subscription

All Entitled Shareholders who wish to opt for e-Subscription, please read and follow the procedures as below:-

No.	Procedures	Action
(1)	Sign up as user of Sctrars Online	<ol style="list-style-type: none"> 1. Access to Sctrars Online at https://www.sectrars.my 2. Click on [Sign up] to register as a new user of Sctrars Online. 3. Complete registration and upload softcopy of Malaysian Identification card (front and back) or passport. <p>You will be notified via email once your user registration is accepted/rejected by Sctrars Online.</p>
(2)	Submission of e-RSF	<ol style="list-style-type: none"> 1. Login to Sctrars Online at https://www.sectrars.my with your user ID (i.e. email address) and password. 2. Select "Corporate Exercise" from the main menu and click on "Rights Issue". 3. Find the corporate exercise name: BTM – RIGHTS ISSUE, and click on "View NPA/RSF". 4. Review relevant e-NPA and click on "Subscribe Now" button to view e-RSF. 5. Insert the number of Rights Shares to subscribe and the number of Excess Rights Shares to apply (if applicable) in the e-RSF. 6. Review and confirm the number of Rights Shares subscribing and Excess Rights Shares applying (if applicable) and the amount payable to for Rights Shares and Excess Rights Shares (if applicable). 7. Upload proof of payments supporting documents, read and agree to the terms and conditions. 8. Proceed to submit once you have ensured all information is correct and in place.

If you encounter any problems during the registration or submission, please email to our Share Registrar at sectrarsmg@gmail.com or call at +603 2276 6138/6139/6130 for assistance.

Terms and Conditions of e-Subscription

The e-Subscription of Rights Shares and Excess Rights Shares (if successful) shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions appearing herein:-

- (i) After login to Sctrars Online, you are required to confirm and declare the following information given are true and correct:-
 - (a) you have attained 18 years of age as at the last day for subscription and payment;
 - (b) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at <https://www.bursamalaysia.com>, the contents of which you have read and understood; and
 - (c) you agree to all the terms and conditions for the e-Subscription as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in Section 5 of this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (ii) you agree and undertake to subscribe for and to accept the number of Rights Shares and Excess Rights Shares applied (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares that may be allotted to you;
- (iii) by making and completing your e-Subscription, you, if successful, request and authorise our Share Registrar or our Company to credit the Rights Shares with Warrants-C allotted to you into your CDS Account;
- (iv) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company or our Share Registrar and irrevocably agree that if:-
 - (a) our Company or our Share Registrar does not receive your e-Subscription; or
 - (b) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Share Registrar, you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against our Company or our Share Registrar for the Rights Shares with Warrants-C subscribed and/or Excess Rights Shares with Warrants-C applied for or for any compensation, loss or damage relating to the e-Subscription;
- (v) you will ensure that your personal particulars recorded with Sctrars Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected;
- (vi) you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository;
- (vii) by making and completing an e-Subscription, you agree that:-
 - (a) in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Rights Shares with Warrants-C and Excess Rights Shares with Warrants-C applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and

- (b) our Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our Company's control;
- (viii) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and
- (ix) notification on the outcome of your e-Subscription for the Rights Shares with Warrants-C and Excess Rights Shares with Warrants-C will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:-
 - (a) successful application - a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities; or
 - (b) unsuccessful/partially successful application - the full amount or the balance of the application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date

The refund will be credited into your bank registered with Bursa Depository for the purpose of cash dividend/distribution. If you have not registered such bank account with Bursa Depository, the refund will be made by issuance of cheque and shall be despatched to you by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

9.6 Procedure for part acceptance

If you do not wish to accept the Provisional Rights Shares with Warrants-C in full, you are entitled to accept part of your entitlements that can be subscribed/applied for. The minimum number of Rights Shares that may be subscribed for or accepted is 1 Rights Share. However, the Warrants will be issued in the proportion of 1 Warrant for every 3 Rights Share subscribed.

You may refer to the procedures set out in Section 9.5 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares with Warrants-C that have not been accepted will be made available to applicants for excess applications.

9.7 Procedure for sale/transfer of Provisional Rights Shares with Warrants-C

As the Provisional Rights Shares with Warrants-C are prescribed securities, you and/or your renouncee(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants-C to 1 or more person(s) through your stockbrokers without first having to request for a split of the Provisional Rights Shares with Warrants-C standing to the credit of your CDS Accounts.

To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants-C, you and/or your renouncee(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository. Please refer to Section 9.5 of this Abridged Prospectus for the procedures of acceptance and payment by way of RSF.

In selling/transferring all or part of your Provisional Rights Shares with Warrants-C, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to the

stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the Provisional Rights Shares with Warrants-C may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securit'ies' website (<http://www.bursamalaysia.com>).

9.8 Procedure for acceptance by renounee(s) and/or transferee(s)

Renounee(s) and/or transferee(s) who wish to accept the provisionally allotted Rights Shares with Warrants-C must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securit'ies' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 9.5 of this Abridged Prospectus also applies to renounee(s) and/or transferee(s) who wish to accept the provisionally allotted Rights Shares with Warrants-C.

RENOUNEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

9.9 Procedure for excess application

9.9.1 By way of RSF

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may apply for Excess Rights Shares with Warrants-C in addition to the Provisional Rights Shares with Warrants-C by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares with Warrants-C applied for) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on Friday, 6 January 2023**, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the Excess Rights Shares with Warrants-C applied for should be made in the same manner set out in Section 9.5 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**" and made payable to "**BTM EXCESS RIGHTS ISSUE**" and endorsed on the reverse side with the name, address and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the Excess Rights Shares with Warrants-C applied for under Part I(b) of the RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the Excess Rights Shares with Warrants-C in the following priority:

- (a) Firstly, to minimise the incidence of odd lots;
- (b) Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants-C, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as per their CDS accounts as at the Entitlement Date;

- (c) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants-C, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants-C application; and
- (d) Fourthly, for allocation to transferee(s); and/or renounee(s) who have applied for Excess Rights Shares with Warrants-C, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants-C application.

The Excess Rights Shares and Warrants-C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants-C. Thereafter, the Excess Rights Shares and Warrants-C will be allocated in the order of (ii) to (iv), and any balance thereafter will be allocated in the same sequence of allocation, i.e. items (ii) to (iv) until all Excess Rights Shares with Warrants-C are allotted. Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants-C applied for under Part 1 (b) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the priority set out in (a) to (d) are achieved. Our Board also reserves the right not to accept or to accept any application for Excess Rights Shares with Warrants-C, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS-C. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS-C APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT YOUR OWN RISK.

9.9.2 By way of e-Subscription

You and/ or your renounee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants-C in excess of your entitlement via e-Subscription in addition to your Provisional Rights Shares with Warrants-C. If you wish to do so, you may apply for the Excess Rights Shares with Warrants-C by following the same steps as set out in Section 9.5.2 of this Abridged Prospectus.

The e-Subscription for Excess Rights Shares with Warrants-C will be made on, subject to, the same terms and conditions appearing in Section 9.5.2 of this Abridged Prospectus.

Any Rights Shares with Warrants-C which are not taken up or not validly taken up by you and/or your renounee(s) and/ or transferee(s) (if applicable) shall be made available for Excess Rights Shares with Warrants-C. It is the intention of our Board to allot the Excess Rights Shares with Warrants-C, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 9.9.1 above.

9.10 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants-C are prescribed securities and as such, the SICDA and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants-C will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

A notice of allotment will be despatched to you and/ or your renounee(s) and/ or transferee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

Where the Rights Shares and the Warrants-C are provisionally allotted to the Entitled Shareholders in respect of their existing BTM Shares standing to the credit in their CDS Account as at the Entitlement Date, the acceptance by the Entitled Shareholders of the Provisional Rights Shares shall mean that they consent to receive such Provisional Rights Shares as prescribed or deposited securities which will be credited directly into their CDS Account.

Any person who intends to subscribe for the Rights Shares with Warrants-C as a renounee by purchasing the Provisional Rights Shares with Warrants-C from an Entitled Shareholder will have his Rights Shares with Warrants-C credited directly as prescribed securities into his CDS Account.

The Excess Rights Shares with Warrants-C, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants-C, will be credited directly as prescribed securities into his CDS Account.

9.11 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants-C will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants-C only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants-C, be in breach of the laws of any jurisdiction

to which that foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or thecee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or thecee(s) and/or transferee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants-C. Such foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants-C.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

- (a) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants-C, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or may be subject to;
- (b) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (c) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (d) they are aware that the Rights Shares with Warrants-C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (e) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants-C; and

- (f) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants-C, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants-C.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants-C from any such application by foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants-C as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants-C pursuant to the Rights Issue with Warrants-C is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll C, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are advised to refer to the ensuing appendices for further information.

Yours faithfully,
for and on behalf of our Board of Directors,
BTM RESOURCES BERHAD



DATUK HAJI MOHAMED IQBAL BIN M.M. MOHAMED GANEY
Independent Non-Executive Chairman

INFORMATION ON OUR COMPANY**1. SHARE CAPITAL**

As at LPD, our issued share capital is RM34,129,060 comprising 171,026,388 BTM Shares.

2. BOARD OF DIRECTORS

The details of our Board are set out below:

Name (<i>Designation</i>)	Age	Address	Nationality
Datuk Haji Mohamed Iqbal bin M.M Mohamed Ganey (<i>Independent Non-Executive Chairman</i>)	73	27, Jalan Terasek 7 Bangsar Baru 58100 Kuala Lumpur	Malaysian
Dato' Seri Yong Tu Sang (<i>Managing Director</i>) (<i>Non-Independent</i>)	75	No 50, Jalan Eksekutif U 1/6 Seksyen U1, Glenmarie Court 40150 Shah Alam Selangor	Malaysian
Datuk Woo Thin Choy (<i>Executive Director</i>) (<i>Non-Independent</i>)	57	Block A-6-02, The Troika 19 Persiaran KLCC 50450 Kuala Lumpur	Malaysian
Yong Hin Siong (<i>Executive Director</i>)	42	No 50, Jalan Eksekutif U 1/6 Seksyen U1, Glenmarie Court 40150 Shah Alam Selangor	Malaysian
Choong Show Tong (<i>Independent Non-Executive Director</i>)	66	APT 24-5B Taman Supreme Cheras 56100 Kuala Lumpur	Malaysian
Yong Emmy (<i>Non-Independent Non-Executive Director</i>)	47	No 50, Jalan Eksekutif U 1/6, Seksyen U1, Glenmarie Court 40150 Shah Alam Selangor	Malaysian

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INFORMATION ON OUR COMPANY (cont'd)**3. HISTORICAL SHARE PRICE PERFORMANCE**

The monthly highest and lowest market prices of BTM Shares as traded on Bursa Securities for the past 12 months are as follows:

	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
2021		
December	0.195	0.155
2022		
January	0.200	0.100
February	0.135	0.120
March	0.140	0.110
April	0.145	0.120
May	0.135	0.110
June	0.135	0.100
July	0.125	0.095
August	0.135	0.080
September	0.130	0.100
October	0.125	0.095
November	0.155	0.110

The last transacted market price of BTM Shares immediately prior to the announcement of the Proposals on 19 January 2022

RM0.170

Last transacted market price on LPD

RM0.120

The last transacted market price of BTM Shares prior to ex-rights date on 14 December 2022

RM0.105

(Source: M&A Securities)

4. OPTION TO SUBSCRIBE FOR SHARES

As at the date of this Abridged Prospectus, save for the Provisional Rights Shares with Warrants-C, Excess Rights Shares with Warrants-C, Warrants-B and any Offer to be granted under the LTIP, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus. As at the LPD, our Company has yet to grant any ESOS Options and BTM Shares under the LTIP.

5. MATERIAL CONTRACTS

Save as disclosed as below, to the best knowledge of our Board, neither BTM nor its subsidiaries have entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past 2 years preceding the date of this Abridged Prospectus:

INFORMATION ON OUR COMPANY (cont'd)

- (a) REPPA;
- (b) renewable energy power purchase agreement dated 25 July 2022 entered into between BTM Land Sdn Bhd and TNB;
- (c) supply agreement dated 20 January 2022 entered into by BTMBP with BTMTI for the purchase of the Wood Waste Products over a period of 21 years commencing from 23 January 2023;
- (d) supply agreement dated 20 January 2022 entered into by BTMBP and SPPT for the purchase of the Wood Waste Products over a period of 21 years commencing from 23 January 2023;
- (e) letter of award dated 23 November 2020 from BTMBP for the EPCC works in relation to the development of the Biomass Power Plant (supplemented by the letter of extension dated 29 April 2022);
- (f) Sublease Agreement and Supplemental Letter;
- (g) Lease Agreement;
- (h) Deed Poll C; and
- (i) Underwriting Agreement.

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at LPD, to the best knowledge of our Board, our Group is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of our Group and our Board is not aware of any proceedings, pending or threatened against our Group, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

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INFORMATION ON OUR COMPANY (cont'd)**7. KEY FINANCIAL INFORMATION****7.1 Historical financial performance**

	Audited			Unaudited	
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,413	8,366	8,005	5,383	5,953
LAT	(6,453)	(4,203)	(6,055)	(4,974)	(4,364)
LAT attributable to owners of our Company	(6,448)	(4,198)	(6,053)	(4,974)	(4,364)
Total assets	38,916	38,621	38,935	37,138	43,608
Total liabilities	16,348	16,496	20,204	17,326	29,241
Total equity/NA	22,568	22,125	18,731	19,812	14,367
Equity attributable to owners of our Company	22,586	22,133	18,742	19,820	14,378
No. of Shares ('000)	141,344	155,479	171,026	171,026	171,026
NA per Share (sen)	16.0	14.2	11.0	11.6	8.4

Financial commentaries for the FYE 2019 compared to FYE 2020

For the FYE 2020, our Group recorded lower revenue of RM8.37 million as compared to RM9.41 million in FYE 2019, which is a decrease of approximately 11.1% or RM1.05 million mainly due to the imposition of MCO on 18 March 2020 arising from the COVID-19, which reduced our Company's overall production activities. The export market of the manufacturing products was also affected due to border closure.

Nevertheless, our Group incurred a lower LAT of RM4.20 million in FYE 2020 as compared to LAT of RM6.45 million in FYE 2019, which is a decrease of approximately 34.9%. This was mainly due to a one-time off gain on disposal of prepaid lease payments of RM2.15 million in FYE 2020, which mainly relates to disposal to the State Government of Terengganu of a leasehold land located in Mukim Kuala Nerus, Terengganu for RM2.85 million in September 2020.

Financial commentaries for the FYE 2020 compared to FYE 2021

For the FYE 2021, our Group recorded lower revenue of RM8.00 million as compared to RM8.37 million in FYE 2020, which is a decrease of approximately 4.3% or RM0.36 million mainly due to the effect of the continuing imposition of MCO arising from the COVID-19, which affected the production activities and availability of raw materials.

However, our Group incurred higher LAT from RM4.20 million for FYE 2020 to RM6.06 million for FYE 2021, which is an improvement of approximately 44.1%. This is attributable mainly due to a one-time off gain on disposal of prepaid lease payments of RM2.15 million in FYE 2020.

Financial commentaries for the FPE 2021 compared to FPE 2022

For the FPE 2022, our Group's revenue remained fairly stable at RM5.95 million as compared to RM5.38 million in FPE 2021, which is a decrease of approximately 10.6% or RM0.57 million. Nevertheless, our Group incurred a lower LAT of RM4.36 million in FPE 2022 as compared to LAT of RM4.97 million in FPE 2021, which is an improvement of approximately 12.3%. This was mainly due to higher other income received in FPE 2022 arising from one-off fees received of RM1.16 million for preliminary project study on power plant layout (the scope of which included

INFORMATION ON OUR COMPANY (cont'd)

obtaining the full approval for the development order, for both land matters and the development project), mandatory infrastructure (earthworks, road, drainage, sewerage etc), requirements (scope includes approvals from the relevant authorities) and submission of plans to local authorities.

7.2 Historical financial position

	Audited			Unaudited
	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Non-current assets	30,913	31,573	30,073	29,024
Current assets	8,003	7,048	8,862	14,584
Total assets	38,916	38,621	38,935	43,608
Share capital	29,038	31,299	34,129	34,129
Revaluation reserves	19,025	20,714	20,714	20,714
Capital reserves	532	119	119	119
Warrant reserve	3,602	3,602	3,602	3,602
Accumulated losses	(29,611)	(33,601)	(39,822)	(44,186)
	22,586	22,133	18,742	14,378
Non-controlling interest	(18)	(8)	(11)	(11)
Total equity	22,568	22,125	18,731	14,367
Non-current liabilities	4,389	4,476	4,175	4,102
Current liabilities	11,959	12,020	16,029	25,139
Total liabilities	16,348	16,496	20,204	29,241
Total equity and liabilities	38,916	38,621	38,935	43,608

7.3 Historical cash flows

	Audited			Unaudited
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Net cash from/(used in)				
Operating activities	1,935	(2,569)	(2,206)	(183)
Investing activities	(140)	2,318	(58)	(193)
Financing activities	(1,594)	1,308	1,562	(214)
Net increase/(decrease) in cash and cash equivalents	201	1,057	(702)	(590)
Cash and cash equivalents at beginning of the year	378	579	1,636	934
Cash and cash equivalents at end of the year	579	1,636	934	344

INFORMATION ON OUR COMPANY (cont'd)**8. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue with Warrants-C on the substantial shareholders' shareholdings of BTM are as follows:

(a) Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants-C⁽¹⁾			
	<---Direct --->		<---Indirect--->		<---Direct --->		<---Indirect--->	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Seri Yong	12,339	7.2	⁽²⁾ 27,814	16.3	89,458	9.5	⁽²⁾ 201,654	21.3
Datin Seri Ng Ah Heng	10,000	5.8	⁽³⁾ 30,153	17.6	72,500	7.6	⁽³⁾ 218,613	23.2
Yong Emmy	12,096	7.1	⁽⁴⁾ 28,057	16.4	87,696	9.3	⁽⁴⁾ 203,4167	21.5
Yong Ellen	108	0.1	⁽⁵⁾ 40,045	23.4	785	0.1	⁽⁵⁾ 290,3278	30.8
Tan Kha Luong	5,610	3.3	⁽⁶⁾ 34,543	20.2	40,673	4.3	⁽⁶⁾ 250,440	26.5
Datuk Woo Thin Choy	-	-	⁽⁷⁾ 6,293	3.7	-	-	⁽⁷⁾ 45,627	4.8
Confirmed Uptrend Sdn Bhd	6,293	3.7	-	-	45,627	4.8	-	-
Tan Sri Datuk Seri Mohd Hussin bin Abd Hamid	8,220	4.8	⁽⁸⁾ 1,458	0.9	8,220	0.9	⁽⁸⁾ 1,458	0.2

**(II)
After full exercise of Warrants-C,
Warrants-B and additional
Warrants-B to be issued**

	<---Direct --->		<---Indirect--->	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Seri Yong	117,196	9.5	⁽²⁾ 261,919	21.1
Datin Seri Ng Ah Heng	93,391	7.5	⁽³⁾ 285,724	23.1
Yong Emmy	113,525	9.2	⁽⁴⁾ 265,589	21.4
Yong Ellen	1,186	0.1	⁽⁵⁾ 377,929	30.5
Tan Kha Luong	53,817	4.3	⁽⁶⁾ 325,298	26.2
Datuk Woo Thin Choy	-	-	⁽⁷⁾ 58,214	4.7
Confirmed Uptrend Sdn Bhd	58,214	4.7	-	-
Tan Sri Datuk Seri Mohd Hussin bin Abd Hamid	10,934	0.9	⁽⁸⁾ 1,807	0.2

Notes:

- (1) Assuming the Undertaking Shareholders subscribe for their undertakings under the Rights Issue with Warrants-C together with underwriting arrangements such that the Minimum Gross Proceeds is raised.
- (2) Deemed interest by virtue of shares held by his spouse, children and son-in-law.
- (3) Deemed interest by virtue of shares held by her spouse, children and son-in-law.
- (4) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
- (5) Deemed interest by virtue of shares held by her spouse, parents and sister.
- (6) Deemed interest by virtue of shares held by his spouse, parents-in-law and sister-in-law.
- (7) Deemed interest by virtue of his interest in Confirmed Uptrend Sdn Bhd.
- (8) Deemed interest by virtue of shares held by his son.

INFORMATION ON OUR COMPANY (cont'd)**(b) Maximum Scenario**

	As at the LPD				(I) After full exercise of Warrants-B			
	<---Direct --->		<---Indirect--->		<---Direct --->		<---Indirect--->	
	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%
Dato' Seri Yong	12,339	7.2	⁽²⁾ 27,814	16.3	14,629	7.4	⁽²⁾ 31,285	15.9
Datin Seri Ng Ah Heng	10,000	5.8	⁽³⁾ 30,153	17.6	10,667	5.4	⁽³⁾ 35,247	17.9
Yong Emmy	12,096	7.1	⁽⁴⁾ 28,057	16.4	13,322	6.8	⁽⁴⁾ 32,592	16.5
Yong Ellen	108	0.1	⁽⁵⁾ 40,045	23.4	246	0.1	⁽⁵⁾ 45,668	23.1
Tan Kha Luong	5,610	3.3	⁽⁶⁾ 34,453	20.2	7,050	3.6	⁽⁶⁾ 38,864	19.7
Datuk Woo Thin Choy	-	-	⁽⁷⁾ 6,293	3.7	-	-	⁽⁷⁾ 6,293	3.2
Confirmed Uptrend Sdn Bhd	6,293	3.7	-	-	6,293	3.2	-	-
Tan Sri Datuk Seri Mohd Hussin bin Abd Hamid	8,220	4.8	⁽⁸⁾ 1,458	0.9	10,252	5.2	⁽⁸⁾ 1,720	0.9

	(II) After the Rights Issue with Warrants-C ⁽¹⁾				(III) After full exercise of Warrants-C			
	<---Direct --->		<---Indirect--->		<---Direct --->		<---Indirect--->	
	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%
Dato' Seri Yong	102,406	7.4	⁽²⁾ 218,992	15.9	131,665	7.4	⁽²⁾ 281,561	15.9
Datin Seri Ng Ah Heng	74,667	5.4	⁽³⁾ 246,731	17.9	96,000	5.4	⁽³⁾ 317,226	17.9
Yong Emmy	93,251	6.8	⁽⁴⁾ 228,147	16.5	119,894	6.8	⁽⁴⁾ 293,332	16.5
Yong Ellen	1,723	0.1	⁽⁵⁾ 319,675	23.1	2,216	0.1	⁽⁵⁾ 411,010	23.1
Tan Kha Luong	49,351	3.6	⁽⁶⁾ 272,047	19.7	63,451	3.6	⁽⁶⁾ 349,775	19.7
Datuk Woo Thin Choy	-	-	⁽⁷⁾ 44,054	3.2	-	-	⁽⁷⁾ 56,641	3.2
Confirmed Uptrend Sdn Bhd	44,054	3.2	-	-	56,641	3.2	-	-
Tan Sri Datuk Seri Mohd Hussin bin Abd Hamid	71,764	5.2	⁽⁸⁾ 12,037	0.9	92,268	5.2	⁽⁸⁾ 15,476	0.9

Notes:

- (9) Assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants-C.
- (10) Deemed interest by virtue of shares held by his spouse, children and son-in-law.
- (11) Deemed interest by virtue of shares held by her spouse, children and son-in-law.
- (12) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
- (13) Deemed interest by virtue of shares held by her spouse, parents and sister.
- (14) Deemed interest by virtue of shares held by his spouse, parents-in-law and sister-in-law.
- (15) Deemed interest by virtue of his interest in Confirmed Uptrend Sdn Bhd.
- (16) Deemed interest by virtue of shares held by his son.

INFORMATION ON OUR COMPANY (cont'd)**9. DIRECTORS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue with Warrants-C on our Directors' shareholdings of BTM are as follows:

(a) Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants-C ⁽¹⁾			
	<---Direct --->		<---Indirect--->		<---Direct --->		<---Indirect--->	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Seri Yong	12,339	7.2	⁽²⁾ 27,814	16.3	89,458	9.5	⁽²⁾ 201,654	21.3
Yong Emmy	12,096	7.1	⁽³⁾ 28,057	16.4	87,696	9.3	⁽³⁾ 203,417	21.5
Yong Hin Siong	-	-	⁽⁴⁾ 40,153	23.5	-	-	⁽⁴⁾ 291,113	30.8
Choong Show Tong	-	-	-	-	-	-	-	-
Datuk Haji Mohamed Iqbal bin M.M Mohamed Ganey	-	-	-	-	-	-	-	-
Datuk Woo Thin Choy	-	-	⁽⁵⁾ 6,293	3.7	-	-	⁽⁵⁾ 45,627	4.8

	(II) After full exercise of Warrants-C, Warrants-B and additional Warrants-B to be issued			
	<---Direct --->		<---Indirect--->	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Seri Yong			⁽²⁾ 261,919	21.1
Yong Emmy			⁽³⁾ 265,589	21.4
Yong Hin Siong			⁽⁴⁾ 379,115	30.6
Choong Show Tong			-	-
Datuk Haji Mohamed Iqbal bin M.M Mohamed Ganey			-	-
Datuk Woo Thin Choy			⁽⁵⁾ 58,214	4.7

Notes:

- (1) Assuming the Undertaking Shareholders subscribe for the Undertakings with underwriting arrangements such that the Minimum Gross Proceeds is raised.
- (2) Deemed interest by virtue of shares held by his spouse, children and son-in-law.
- (3) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
- (4) Deemed interest by virtue of shares held by his parents, sisters and brother-in-law..
- (5) Deemed interest by virtue of his interest in Confirmed Uptrend Sdn Bhd.

INFORMATION ON OUR COMPANY (cont'd)**(b) Maximum Scenario**

	As at the LPD				(I) After full exercise of Warrants-B			
	<---Direct --->		<---Indirect--->		<---Direct --->		<---Indirect--->	
	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%
Dato' Seri Yong	12,339	7.2	⁽²⁾ 27,814	16.3	14,629	7.4	⁽²⁾ 31,285	15.9
Yong Emmy	12,096	7.1	⁽³⁾ 28,057	16.4	13,322	6.8	⁽³⁾ 32,592	16.5
Yong Hin Siong	-	-	⁽⁴⁾ 40,153	23.5	-	-	⁽⁴⁾ 45,914	23.3
Choong Show Tong	-	-	-	-	-	-	-	-
Datuk Haji Mohamed Iqbal bin M.M Mohamed Ganey	-	-	-	-	-	-	-	-
Datuk Woo Thin Choy	-	-	⁽⁵⁾ 6,293	3.7	-	-	⁽⁵⁾ 6,293	3.2
	(II) After the Rights Issue with Warrants-C⁽¹⁾				(III) After full exercise of Warrants-C			
	<---Direct --->		<---Indirect--->		<---Direct --->		<---Indirect--->	
	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%
Dato' Seri Yong	102,406	7.4	⁽²⁾ 218,992	15.9	131,665	7.4	⁽²⁾ 281,561	15.9
Yong Emmy	93,251	6.8	⁽³⁾ 228,147	16.5	119,894	6.8	⁽³⁾ 293,332	16.5
Yong Hin Siong	-	-	⁽⁴⁾ 321,398	23.3	-	-	⁽⁴⁾ 413,226	23.3
Choong Show Tong	-	-	-	-	-	-	-	-
Datuk Haji Mohamed Iqbal bin M.M Mohamed Ganey	-	-	-	-	-	-	-	-
Datuk Woo Thin Choy	-	-	⁽⁵⁾ 44,054	3.2	-	-	⁽⁵⁾ 56,641	3.2

Notes:

- (1) Assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants-C.
- (2) Deemed interest by virtue of shares held by his spouse, children and son-in-law.
- (3) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
- (4) Deemed interest by virtue of shares held by his parents, sisters and brother-in-law.
- (5) Deemed interest by virtue of his interest in Confirmed Uptrend Sdn Bhd.

10. WRITTEN CONSENTS

The written consents of our Principal Adviser, Company Secretaries, Share Registrar, Reporting Accountants, IMR and Solicitors for the Rights Issue with Warrants-C for the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

INFORMATION ON OUR COMPANY (cont'd)

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (a) Constitution of our Company;
- (b) The IMR Report;
- (c) Letters of consent as referred to in Section 8 of this Appendix;
- (d) Letters of Undertaking as referred to in Section 2.5 of this Abridged Prospectus;
- (e) Pro forma consolidated statement of financial position of BTM Group as at 31 December 2021 together with the Reporting Accountants' report thereon, as set out in **Appendix II** of this Abridged Prospectus; and
- (f) Material contracts as referred to in Section 5 of this Appendix.

12. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, which the omission of which would make any statement herein false or misleading.

M&A Securities, being our Principal Adviser for the Rights Issue with Warrants-C, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants-C.

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INFORMATION ON THE BIOMASS ENERGY BUSINESS

The following sets out the main components of the Biomass Energy Business:

1. Lease of Teluk Kalong Land

On 2 July 2020, BTM announced that BTMBP has obtained the Feed-in-Approval from SEDA dated 1 July 2020, pursuant to the Renewable Energy Act 2011, to finance, design, supply, build, own, operate and maintain a renewable electrical power plant with a capacity to supply 10 MW per hour of electricity to TNB under FiT system for a period of 21 years commencing no later than 23 January 2023. The scheduled FiT commencement date of the Biomass Power Plant shall not be later than 23 January 2023. On 15 April 2022, SEDA has extended the scheduled FiT commencement date of the Biomass Power Plant to be no later than 23 July 2023 (i.e. expiring on 22 July 2044).

On 23 July 2020, BTMBP and TNB had entered into the REPPA for a FiT concession period of 21 years for electricity to be generated from its Biomass Power Plant. In conjunction with the Biomass Energy Business, BTMBP and PMINT had on 12 December 2021 entered into the Lease Agreement for the lease of 20 out of 80 acres (323,748.514 sq m) of the Teluk Kalong Land for a tenure of 30 years expiring on 11 December 2051. In the same Lease Agreement, it is also agreed between BTMBP and PMINT that BTMBP shall also lease the entire Teluk Kalong Land for the total lease consideration of RM15,863,677. The Lease of Teluk Kalong Land shall be divided into 3 phases, namely the following:

Phase	Size of land (acres)	Lease consideration (RM)
1	20 ⁽¹⁾	3,965,919
2	30 ⁽²⁾	5,948,879
3	30 ⁽²⁾	5,948,879
Total	80	15,863,677

Notes:

- (1) The construction of the Biomass Power Plant shall be undertaken on Phase 1 of the Teluk Kalong Land, which shall also be utilised for the purpose of storing, warehousing, processing, distribution of raw materials, industrial products and accommodation for employees working at the Biomass Power Plant. As at the LPD, part of the lease consideration of Phase 1 amounting to RM1.70 million has been paid to PMINT. BTMBP would be required to make payment of the remaining RM2.26 million within 7 days upon the issuance of the leasehold title of the Teluk Kalong Land in favour of PMINT.
- (2) For the purpose of leasing the Teluk Kalong Land, the parties also agreed that 3 separate lease agreements for Phase 1, Phase 2 and Phase 3, respectively, will be signed together with the Lease Form (Form 15A of the National Land Code, 1965). The lease agreement for Phase 1 of the Teluk Kalong Land has been signed on 12 December 2021, whilst the respective lease agreements for Phase 2 and Phase 3 of the Teluk Kalong Land will only be signed when the terms and conditions of the respective lease agreements are finalised, which are expected to be executed in or before March 2024. Thereafter, BTMBP will then be only required to make payment of the remaining lease consideration of RM5.65 million each for Phase 2 and Phase 3 of the Teluk Kalong Land, respectively in or before March 2025. As at the LPD, the title to the Teluk Kalong Land has yet to be issued.

Our Group has not finalised any development plans to be undertaken under Phase 2 and Phase 3 of the Teluk Kalong Land. However, it is envisaged that our Group will undertake the construction of new biomass power plants under Phase 2 upon obtaining the relevant FiT quotas for biomass resources from SEDA as well as construction of new timber manufacturing facilities for our Group under Phase 3.

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

The duration of the Lease Agreement does not tally with the effective period of the feed-in-approval by SEDA of 21 years from 23 July 2023. However, our Company has decided to proceed with the Lease of Teluk Kalong Land as the identified location for the Biomass Power Plant, due to its strategic location and close proximity to the approved grid interconnection points by TNB and accepted by SEDA, which is located at 33kV Pencawang Pembahagian Utama (PPU) Teluk Kalong, which is situated approximately 4 km from the Teluk Kalong Land. In addition, the Teluk Kalong Land where the Biomass Power Plant will be constructed is located approximately 60 km east of the Plantation Lands which is close to the feedstock supply of *Acacia mangium* for the generation of electricity power and thereby optimising the logistic cost for the Biomass Power Plant.

Kindly refer to **Appendix I(C)** for further details of the salient terms of the REPPA.

1.1 Background information of the Teluk Kalong Land

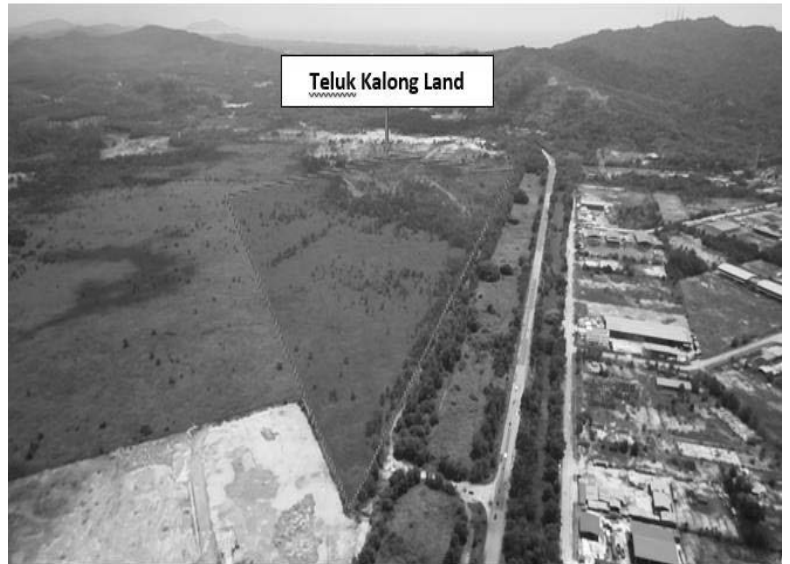
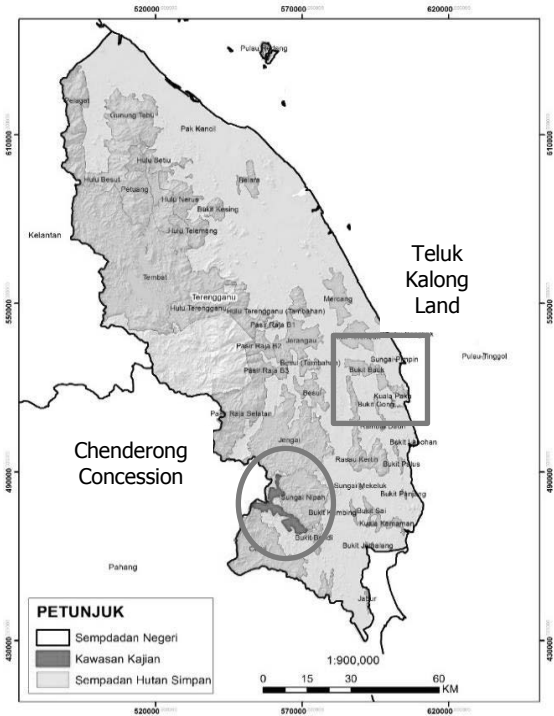
Further details of the Teluk Kalong Land are as follows:

Terms	Details
Master title details	: H.S.(D) 9351, No. PT 8927, Mukim Hulu Cukai, Daerah Kemaman, Negeri Terengganu
Registered owner	: PMINT
Tenure	: Leasehold of 99 years expiring on 24 November 2120
Total master land area	: Measuring approximately 2,164,700 sq m (equivalent to approximately 534.91 acres)
Existing and proposed use	: Vacant land, proposed for the construction of the Biomass Power Plant
Encumbrances	: Nil
Category of land use	: Industrial
Expressed conditions	: Shall be used for the construction of factories and erect until completion of buildings connected therewith. Within two years from the date of allotment or within an extended period approved by the Director General of Lands and Mines Terengganu shall be used for a factory and erect until complete completion of the building associated therewith only in accordance with the plan approved by the Local Authority.
Restriction-in-interest	: (i) Not allowed to transfer, mortgage or lease unless permission is obtained from the State Authority. (ii) The above restriction of interest is not subject to PMINT for the purpose of leasing only.

As at the date of the Lease Agreement, the separate title for the Teluk Kalong Land has yet to be issued and there have been no separate individual titles issued for the subdivision of land in

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

respect of the Teluk Kalong Land for Phase 1, Phase 2 and Phase 3, respectively. Kindly refer to **Appendix I(D)** for further details of the salient terms of the Lease Agreement. The following diagram depicts the location and the map of the Teluk Kalong Land:



The physical terrain of the Teluk Kalong Land is generally flat and lies below the frontage road. The Teluk Kalong Land is currently covered with shrubs, trees and wild vegetation. There is a dirt road passing through the land from the south-eastern boundary toward the northern boundary. The site boundaries are not demarcated by any form of fencing. The Teluk Kalong Land is situated along the western side of the Kemaman Bypass/Federal Route 145 within Kawasan Perindustrian Teluk Kalong, Kemaman, Terengganu. It is situated approximately 9 km

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

north-east of Chukai town and about 137 km south-east of Kuala Terengganu, respectively. The Teluk Kalong Land is easily accessible from Kuala Terengganu, Terengganu via Federal Route 3 and finally leading onto Kemaman Bypass to where the Teluk Kalong Land is located. The Teluk Kalong Land resembles a "diamond" shaped parcel of land encompassing a provisional land area of approximately 80.00 acres (equivalent to approximately 323,748.514 sq m).

Alternatively, the Teluk Kalong Land is approachable from Chukai town through Jalan Penghiburan leading onto the Chukai-Kerteh trunk road for about 7.00 km and finally onto the Kemaman Bypass/Federal Route 145. The Teluk Kalong Land is sited on the western side of the aforementioned road. The Kawasan Perindustrian Teluk Kalong, Terengganu is an industrial zone built by the Government of Terengganu in Chukai (through the endorsement and support of PMINT) to support the petroleum industry, which is abundant in the state of Terengganu. Most of the industries and services built in this industrial area are related to the petroleum and gas sectors, comprising mainly industrial developments such as semi-detached factories, detached factories and solar farms.

The Eastern Steel manufacturing plant covering an area of approximately 1,209 acres is located approximately 1.30 km south-west, whilst Venator Asia Sdn Bhd is sited about 5.00 km south-east of the Teluk Kalong Land, respectively. The Perwaja Steel Plant situated along the eastern coastline is within a 10-minutes' drive due south-east of the Teluk Kalong Land. On the southern flank of the Perwaja Steel Plant lies the Port of Kemaman, Terengganu comprising the north, south and west wharf, whilst the eastern wharf was dedicated for the handling of the import and export material coming out of Perwaja Steel works. Other factories nearby include Malay-Sino Chemical Industries Sdn Bhd, Sapura Pinewell Sdn Bhd, See Sen Chemical Bhd and Tosoh Advanced Materials Sdn Bhd.

Housing schemes nearby include Taman Cempaka, Kampung Pengkalan Cicar, Kampung Bukit Kuang, Kampung Gong Limau, Kampung Besut, Kampung Sungai Terjun, Kampung Bakau Tinggi and Kampung Paya. Learning institutions located nearby includes TATI University College and Terengganu Safety Training Centre Sdn Bhd, which are sited about 5.0 km and 4.5 km north-east of the Teluk Kalong Land, respectively.

1.2 Information on PMINT

PMINT is a state agency of the State Government of Terengganu and was incorporated under Enakmen Perbadanan Memajukan Iktisad Negeri Terengganu (No. 3/1965) and amended in 2019. PMINT is principally acting as the main stage agency for the implementation and acceleration of socio-economic development and progress of the State of Terengganu, which includes economic sectors of property development, plantation, agribiotech, aquaculture, manufacturing and services. The directors of PMINT are as follows:

- (a) YAB Dato' Seri Dr. Ahmad Samsuri bin Mokhtar (Chairman)
- (b) YBM. Tengku Seri Bijaya Raja (Deputy Chairman)
- (c) YB. Dato' Haji Rozali bin Salleh (Members)
- (d) YB. Dato' Dr. Haji Alias bin Razak (Members)
- (e) YB. Dr. Haji Mamad bin Puteh (Members)
- (f) YBhg. Dato' Zulkifli bin Ali (Members)
- (g) YH. Dato' Indera Nik Nasarudin bin Mohd Zawawi (Members)
- (h) YBr. Encik Mohd Shalemy bin Long Ahmad (Members)
- (i) YBr. Encik Che Rahim bin Daud (Members)
- (j) Y.Bhg. Dato Haji Wan Abdul Mutalib @ Wan Musa bin Embong (Members)

(Source: <http://www.pmint.gov.my>)

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)**1.3 Overview of the feed-in-approval obtained by SEDA**

The salient features of the feed-in-approval obtained by SEDA are as follows:

Effective period	:	21 years (commencing from the FiT commencement date on 23 July 2023)
Scheduled FiT commencement date	:	23 July 2023
FiT rate (RM/kWh)	:	0.3486
Installed capacity	:	12.00 MW
Net export capacity	:	10.00 MW
Declared annual availability	:	BTMBP shall ensure that its renewable energy installation meets an annual minimum performance threshold of no less than 35.0% of the following declared annual availability for each year during the effective period:

<u>Year</u>	<u>Declared annual availability (MW/hour)</u>
2023	75,178.0822
2024 to 2043	80,000 per year
2044	4,821.9178

The total FiT that BTMBP is entitled to receive in each year during the effective period shall be limited to the total FiT payable to it for the renewable energy generated up to the declared annual availability of the applicable year as specified in the table above.

Distribution licensee : TNB

Renewable resources : Biomass

2. Sublease

On 20 January 2022, BTMBP had entered into a Sublease Agreement with SPPT⁽¹⁾ in respect of the assignment of all SPPT's rights, interest and title in and to the Plantation Lands to BTMBP for a total sublease consideration of RM24,700,000 payable on a lump sum basis in cash on or before the business day falling 14 days after the date on which all the conditions precedent of the Sublease Agreement are fulfilled, obtained or waived or any extended date as may be mutually agreed between the parties of the Sublease Agreement in writing on which the commencement date takes place ("**Commencement Date**").

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)**Note:**

- (g) The Sublease is considered as a sublease arrangement for the Plantation Lands, in view that SPPT became the beneficial owner for a portion of the Chenderong Concession measuring over 38,924.01 acres by way of a Sub-Lease Agreement dated 23 August 1990 entered into between TAA and SPPT and Deed of Assignment dated 21 November 1995 entered into between TAA, MAIDAM and SPPT.

The Sublease involves the sublease of approximately 2,255.33 hectares (approximately 5,572.912 acres) of secondary forest land identified as Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32) within the Chenderong Concession and located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman for a period of approximately 63 years expiring on 30 December 2084. The Sublease is undertaken as part of our Group's venture into the Biomass Energy Business, the details of which are set out below.

BTMBP is undertaking the Sublease for the following purposes:

- (c) to undertake the plantation program by establishing a timber plantation to grow fast growing *Acacia mangium* trees which will be planted within the Plantation Lands, which shall be managed and harvested on a rotation basis every 4 years as fuelwood supply for the Biomass Power Plant. This plantation program would ensure certainty and adequate supply of feedstock supply to sustain the operations of the Biomass Power Plant. The plantation program will be expected to span across a period of 34 years between 2022 to 2056, where the first felling will commence in 2026 and continued until 2056⁽¹⁾.

Note:

- (2) The Biomass Power Plant will require the available feedstock supply of *Acacia mangium* of 350 tonnes per day to achieve optimum electricity power generation of between 8.1MW and 11.5MW. As the first felling from the areas under the Sublease will only commence in 2026, our Company is in the midst of discussion with several suppliers for the feedstock supply of *Acacia mangium* trees for the period of 2023 to 2026, where BTMBP shall enter into supply agreements with these feedstock suppliers. The plantation program to be undertaken at the Plantation Lands will result in the production of feedstock supply of 200 tonnes per day, whilst the remaining supply of feedstock of 150 tonnes/day shall be sourced from other suppliers of feedstocks. In this respect, BTMBP has on 20 January 2022 announced that it has entered into the respective supply agreements with BTM Timber Industries Sdn Bhd ("**BTMTI**") and SPPT for the purchase of Wood Waste Products over a period of 21 years commencing from 23 July 2023.

The supply of the Wood Waste Products is targeted to be utilised in the following manner:

1. the total amount of 150 tonnes shall be utilised as feedstock supply for the power generation at the Biomass Power Plant; and
2. the remaining amount of up to 150 tonnes shall be utilised as supply for our Group's existing manufacturing and sale of biomass wood pellets.

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

The salient terms of the said supply agreements are as follows:

	<u>BTMTI⁽¹⁾</u>	<u>SPPT⁽²⁾</u>
Size of Wood Waste Products (tonnes)	50	250
Period		21 years
Price of Wood Waste Products per tonne (RM)		90 ⁽³⁾

Notes:

- (1) BTMTI was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 20 July 1973. The principal activities of BTMTI are investment holding, logging, sawmilling and trading of sawn timber and logs. The Directors of BTMTI are Dato' Seri Yong and Chai Owi Yok. The shareholder of BTMTI is as follows:

<u>Name</u>	<u>Nationality</u>	<u>No. of ordinary shares held</u>	<u>%</u>
Dato' Seri Yong	Malaysian	1,000,000	100.0

- (2) Kindly refer to Section 2.2 of this Appendix I(B) for further details of SPPT.
- (3) The price of Wood Waste Products per tonne has been determined and agreed upon after taking into consideration the current market transactions/price of trading/purchase of Wood Waste Products.

The execution of the abovementioned supply agreements will ensure adequate supply of raw materials or feedstock to sustain the Biomass Power Plant throughout the REPPA for the FiT concession period of 21 years with TNB, in addition to the supply of the *Acacia mangium* feedstock supply from the Plantation Lands.

- (d) upon expiry of the REPPA for the FiT concession period of 21 years (i.e. 23 July 2044), BTMBP may undertake plantation program for other types of logs as well as timber planting and harvesting activities either for sale or as supply of fuelwood supply (such as wood pellets and wood chips) to our Group's existing wood pellets business and other biomass power plants operated by other operators.

Kindly refer to **Appendix I(E)** for further details of the salient terms of the Sublease Agreement.

2.1 Background information on BTMBP

BTMBP was incorporated in Malaysia on 15 October 1997 under the Companies Act, 1965 as a private limited company under the name of BTM Global Holdings Sdn Bhd. On 6 November 2014, it changed its name from BTM Global Holdings Sdn Bhd to BTM Biomass Products Sdn Bhd. As at the LPD, BTMBP is our wholly-owned subsidiary and the issued share capital of BTMBP is RM1,000,000. BTMBP is principally involved in the manufacturing and sale of wood pellets. As at the LPD, the directors of BTMBP are Dato' Seri Yong and Datuk Woo.

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)**2.2 Background information of SPPT**

SPPT was incorporated in Malaysia on 16 August 1984 under the Companies Act, 1965 as a private limited company. It is principally involved in the selling of logs and woods and forest replantation. As at the LPD, the issued share capital of SPPT is RM500,000. The sole Director of SPPT is Dato' Seri Yong, whilst the shareholders of SPPT are as follows:

Names	Nationality	No. of ordinary shares held	%
Dato' Seri Yong	Malaysian	149,999	30.0
Yong Ellen	Malaysian	350,001	70.0
	Total	500,000	100.0

2.3 Background information of the Plantation Lands and Biomass Power Plant**(a) Background information of the Plantation Lands**

The whole of Chenderong Concession (where the Plantation Lands are situated at) is a parcel of land in the Mukim of Tebak/Bandi, District of Kemaman, Terengganu measuring approximately 63,448 acres (equivalent to 25,676.495 hectares). The whole of Chenderong Concession is made up of 20 blocks comprising 76 lots. Its border runs along the Kemaman river with the Sungai Nipah Forest Reserve to its west and the Cherul Forest Reserve to its east. The Chenderong Concession is situated about 45 km west of the Chukai town and about 90 km north-west of Kuantan town.

The details of the Plantation Lands are as follows:

Terms	Details
Identification	Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32)
Mukim/District/State	Tebak / Bandi, Kemaman, Terengganu
Term	Lease for a period of 99 years expiring on 31st December 2084 (unexpired lease term of 63 years). SPPT became the beneficial owner for a portion of the Chenderong Concession measuring over 38,924.01 acres by way of a Sub-Lease Agreement dated 23 August 1990 entered into between TAA and SPPT and Deed of Assignment dated 21 November 1995 entered into between TAA, MAIDAM and SPPT.
Category of land use	Not stated. Although presently there are no land use stated, BTMBP is able to proceed with its proposed plantation program of <i>Acacia mangium</i> on the Plantation Lands and would not be in breach thereof.
Expressed conditions	Not applicable. The Plantation Lands is however not subject to any express condition in the Sublease Agreement, or in the Chenderong Concession or by the Terengganu State Government that it must be planted with any specific agricultural crop or forest trees. The status of the land is that of a parcel of secondary forest land that is suitable for agricultural cultivation such as oil palm, durian or timber plantation.
Restriction-in-interest	Not specified as the individual title has not been issued.
Encumbrances	Nil

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

Terms	Details														
Provisional land area	<p>Details are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Blocks (Lot)</th> <th colspan="2" style="text-align: center;">Areas</th> </tr> <tr> <th style="text-align: center;">Hectares</th> <th style="text-align: center;">Acres</th> </tr> </thead> <tbody> <tr> <td>Block 10 (Lot Nos. 28 to 31)</td> <td style="text-align: center;">1,825.930</td> <td style="text-align: center;">4,511.873</td> </tr> <tr> <td>Block 11A (Lot No. 32)</td> <td style="text-align: center;">429.396</td> <td style="text-align: center;">1,061.039</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">2,255.326</td> <td style="text-align: center;">5,572.912</td> </tr> </tbody> </table>	Blocks (Lot)	Areas		Hectares	Acres	Block 10 (Lot Nos. 28 to 31)	1,825.930	4,511.873	Block 11A (Lot No. 32)	429.396	1,061.039	Total	2,255.326	5,572.912
Blocks (Lot)	Areas														
	Hectares	Acres													
Block 10 (Lot Nos. 28 to 31)	1,825.930	4,511.873													
Block 11A (Lot No. 32)	429.396	1,061.039													
Total	2,255.326	5,572.912													
Beneficial owner	SPPT														
Legal owner	MAIDAM (Note: By virtue of the Terengganu Enactment No. 9 of 1963, the Chenderong Concession became vested in MAIDAM, which is a corporation established under Section 6 of the Administration of Islamic Land Enactment, 1955. Further, in the Royal Grant, the ownership and rights of control was transferred to MAIDAM)														
Net book value	RM1,465,230 (based on the audited financial statements of SPPT as at 31 December 2021)														
Production in past 3 years	Nil														
Profit contribution or revenue and expense account of the estate for the past 3 years	Not available, as there were no cultivation activities performed at the Plantation Lands previously.														
Existing and proposed use	Currently no cultivation or plantation activities were undertaken at the Plantation Lands. BTMBP intends to undertake the plantation program of industrial timber plantation to grow fast growing <i>Acacia mangium</i> trees which will be planted within the Plantation Lands, managed and harvested on a rotation basis every 4 years as fuelwood supply for the Biomass Power Plant.														



The species *Acacia mangium* family is a species of flowering tree and is an exotic native in Queensland, Australia, Papua New Guinea and eastern Maluku islands. It is a tropical species that is capable of colonizing infertile sites. It grows well not only in cleared forest sites but also in degraded sites, such as weedy *Imperata* grasslands and mining sites. Important attributes of *Acacia mangium* trees include rapid early growth, good coppicing ability, suitable as raw material for pulp, timber and fuel, and tolerance of a range of soil types and pH levels. *Acacia mangium* trees is a popular wood for furniture, agriculture implements, crates, particleboard, and wood chips. It is also suitable for

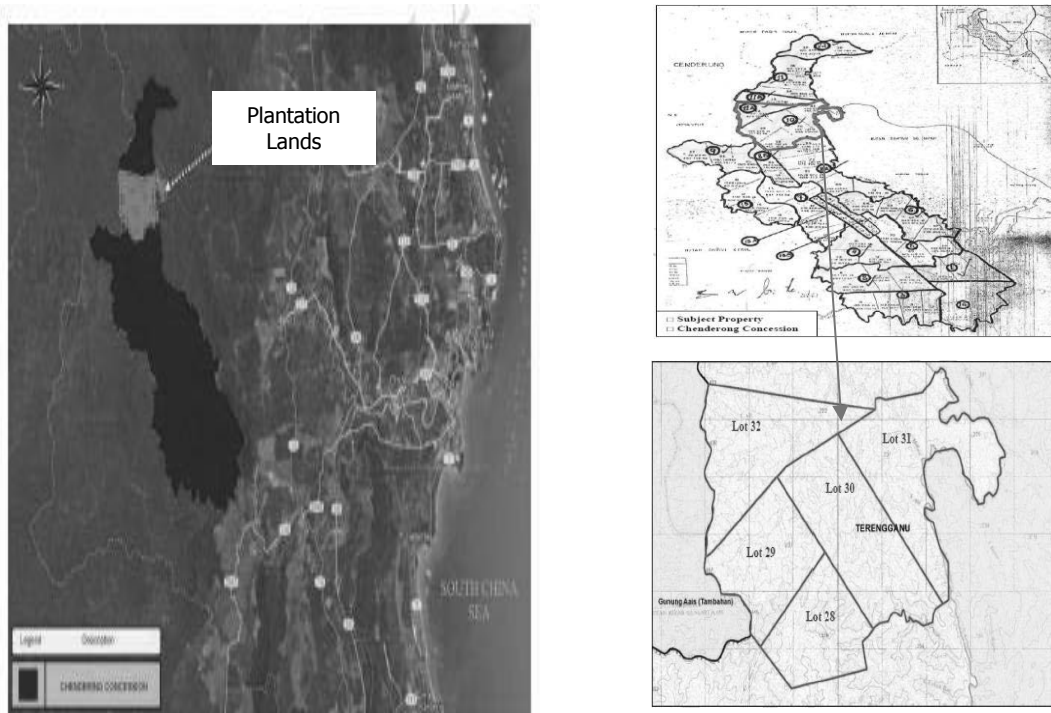
INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

Terms	Details
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manufacturing charcoal briquettes and activated carbon. It is a common pulp and paper crop in Sumatra and Vietnam.

The *Acacia mangium* plantations will then be established on the 5 lots on a rotational basis with a staggered planting schedule lot by lot, commencing with planting on Lot No. 28 in year 2022, maintenance and upkeep for up to the end of the 4th year and harvesting after 4 years of growth in 2026. The cycle is then repeated. Similarly, Lot No. 29 will be planted in the year 2023 and Lot No. 30 in the year 2024 and so on. The cycle is then repeated for all the 5 lots on 4-year rotational cycles.

The Plantation Lands comprises 2,255.33-hectares (5,572.91 acres) of secondary forest identified as Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32) within the Chenderong Concession. Based on the existing vegetation, the Plantation Lands has been overgrown with wildings amongst others include *macaranga gigantea* (kubin), *neolamarckia cadamba* (kelempayan), *alstonia angustiloba* (pulai), *sapium baccatum* (ludai), *dicranopteris linearis* (resam), wild bamboos and herbaceous weeds. The areas of the Plantation Lands are located in the range of 66 to 86 metres above sea level (GPS readings). The terrain is level to slightly undulating, sloping from 10 to 30 degrees and well drained. To-date, there are no structures erected on the Plantation Lands. The location of the Plantation Lands within the Chenderong Concession are as follows:



The Plantation Lands was formerly a rich lowland moist tropical forest which was logged and harvested in the 1990s. Upon all the trees being logged, the Plantation Lands was mechanically prepared and terraced for oil palm plantation. No burning was carried out and the debris was stacked as windrows and in low lying sites. However, the young oil palm plantation was abandoned after being destroyed by wild elephants.

No oil palm plant is now growing on the Plantation Lands. Instead, it is now fully overgrown with wildings and pioneer species of wild vegetation. The wildings include some tree species

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

like kubin, kelempayan, pulai, ludai, resam, wild bamboos and herbaceous weeds. In addition, there are no structures erected on the Plantation Lands. The soil parent material is sedimentary rock (shale / sandstone) and deep soil, with texture from fine sandy to coarse clay loam. The previous records show that this soil had no major limitation for reforestation activities and that the soil nutrient status is moderate. The soil series consists of Batu Anam and Kuala Brang found along the fringe, but no further details are available within the proposed sites. Batu Anam Series has a moderately well drained texture whilst the Kuala Brang Series is of well drained composition. Improvement to drainage is needed where the presence of Batu Anam series is noted.



The Chenderong Concession are approachable from Kuantan town via the East Coast Expressway (Lebuhraya Pantai Timur) exiting at Cheneh Baru Toll Plaza and thereafter via Jalan Jabor-Al Muktafi Billah Shah before arriving at Kampung Air Putih (also known as Kampung Air Puteh). Jalan Jabor-Al Muktafi Billah Shah is part of Route 14 of the Federal Road that leads from Jabor in the south of Terengganu to Kuala Terengganu in the north.

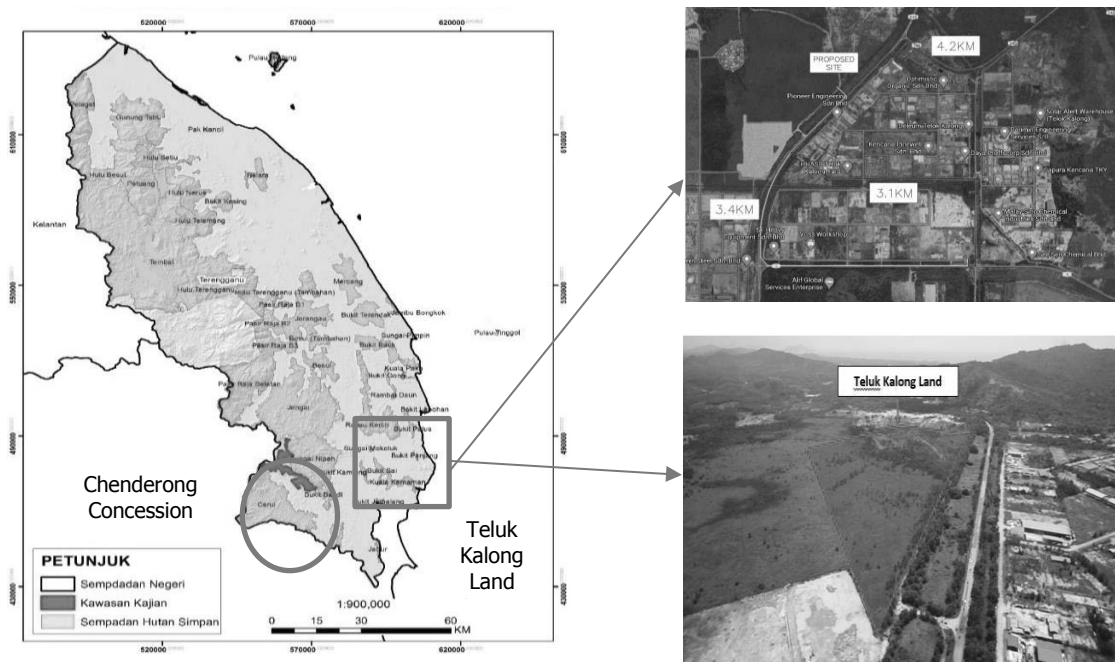
Access to the Plantation Lands from Kampung Air Putih is via a 4-km long metalled road west of Kampung Air Putih, and thereafter via an approximately 11.6 km long laterite road cutting through oil palm estates to Lot 67, which marks the beginning of Chenderong Concession. From this point, the laterite road continues for another 21.5 km to pass through Lots 66, 65, 19, 20, 21, 22 and 23 before arriving at Lot 30 of the Plantation Lands. Alternatively, the Plantation Lands is also accessible from Kampung Air Putih via another metalled road which leads to another laterite / earth road that meets the Plantation Lands at Lot 31. This access is the shortest route to the Plantation Lands. However, it is not accessible presently due to poor road condition and is currently undergoing maintenance work. The western part of the Chenderong Concession is approachable via Jalan Jerangau – Jabor Penghantar 1 (accessible from Jalan Jabor – Al Muktafi Billah Shah) that leads to Jalan Bukit Cerol – Bukit Sagu, followed by a laterite road which leads to Lot 39 of the said concession. This route begins at Lot 39 and ends at Lot 14. It does not directly connect to the subject property. It is primarily used by the oil palm plantation operators on the other blocks which are already developed with oil palm plantations.

(b) Overview of the Biomass Power Plant and electricity generation

The Biomass Power Plant shall be constructed on the Teluk Kalong Land with a capacity to export 10 MW to the national grid network and installed electricity generating capacity of 12 MW. The approved grid interconnection points by TNB and accepted by SEDA is identified at 33kV Pencawang Pembahagian Utama (PPU) Teluk Kalong, which is situated approximately 4 km from the Teluk Kalong Land, with approved net export of 10MW. The connected network is under the administration of TNB Kemaman. In addition, the Teluk Kalong Land where the Biomass Power Plant will be constructed is located approximately 60 km east of the Plantation Lands which is close to the feedstock supply of *Acacia mangium* for the generation of electricity

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

power and thereby optimising the logistic cost for the Biomass Power Plant. The location of the Biomass Power Plant within the Teluk Kalong Land is as follows:



Pursuant to the Biomass Energy Business, BTMBP had on 23 November 2020 (supplemented by letter of extension dated 29 April 2022) awarded the EPCC works in relation to the development of the Biomass Power Plant to SSB, for the total contract sum of RM115.60 million. BTMBP and SSB shall subsequently enter into a formal EPCC contract setting out the details of each party's obligations for carrying out the EPCC works. The salient terms of the letter of award from BTMBP to SSB are as follows:

- (a) The EPCC contract shall be executed upon compliance of all the major condition precedents stated in the letter of offer by MBSB;
- (b) the scope of work includes the EPCC, reliability test, remedy of defect during the defect liability period and provision of all equipment, both permanent works and temporary works in connection with the Biomass Energy Business;
- (c) the contract price is a fixed lump sum price of RM115,600,000 inclusive of sales and service tax;
- (d) SSB shall guarantee to commission the plant at the minimum output based on the approved requirements by TNB, SEDA and/or other related local authorities within the stipulated timeline mutually agreeable by both parties;
- (e) the commencement of the EPCC works ("**Commencement Date**") is upon BTMBP achieving the Financial Close⁽¹⁾ and issuance of the notice to proceed to SSB for the Biomass Power Plant;
- (f) SSB shall complete all the EPCC works to achieve the target completion date within 23 months from the Commencement Date or such other extended period as provided in the award;
- (g) the defects liability period for the project shall be 24 months from the date of commercial operations date approved by TNB and SEDA;

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

- (h) should SSB fail to complete the EPCC works within 23 months from the Commencement Date or such other extended period, SSB shall pay or allow BTMBP to impose at the rate of RM10,000 per day up to a limit of 5% of the contract price as liquidated and ascertained damages as delay compensation;
- (i) SSB is responsible, at its own cost, to procure and make payment for the erection all risks, workmen compensation, marine transit and public liability insurances for the Biomass Energy Business.

Note:

- (1) The Financial Close is defined as the financing documents relating to the financing for the total construction costs of the Biomass Power Plant have been entered into by BTMBP and the financing parties, and all of the condition precedents for the initial drawdown for such financing documents have been satisfied by the employer or waived by the financing parties.

The construction cost for the Biomass Power Plant will be partly financed via the bank borrowings obtained from MBSB on 27 April 2021 of RM92.48 million, whilst the remaining balance of RM23.12 million will be funded via the proceeds to be raised from the Rights Issue with Warrants-C (**Note:** The bank borrowings from MBSB has not been drawdown as to date).

The construction and development of the Biomass Power Plant shall utilise two (2) major technology systems, which are the boiler and turbine systems. These systems equipment are widely utilised in various industries like oil palm, wood, paper, oil refinery, sugar, power plant in general. Its technology, supply chain and competent operators are readily available in Malaysia. Most of biomass cogeneration applications used in Malaysia are the standard steam boiler/steam turbine-generator combination. This combination is moderately efficient, robust, available from several key suppliers, and can be purchased with guarantees of completion, operational performance, and environmental performance.

Power generation from biomass can be achieved with a wide range of feedstock and technologies, either through thermal-chemical processes (i.e. combustion, gasification and pyrolysis) or bio-chemical processes such as anaerobic digestion. The biomass feedstock source for power generation for the Biomass Power Plant will be natural wood waste (i.e. *Acacia mangium* plantations) from the Plantation Lands. The fuel (wood waste) is delivered to the Biomass Power Plant where storage piles or silos shall be erected to accommodate extra biomass that is not immediately fed to the Biomass Power Plant. The fuel (biomass) will undergo some pre-processing steps on site including size reduction and separation into wood chips before feeding into the Biomass Power Plant. Wood chips are then channelled into the combustion chamber through a conveyor system and burned to heat water in the boiler. The remaining ash will be collected for other purpose such as plantation fertiliser and for road construction.

The Biomass Power Plant will deploy the combustion technology and boiler design to achieve the combined goals of higher efficiency and ability to burn fuels set in a regulatory framework which demands ever reducing emission levels. The Biomass Power Plant will combust the wood waste fuel using conventional steam cycle technology and use the well-tested moving-grate incineration technology. The Biomass Power Plant is designed to combust wood waste by conveying and blowing the wood waste onto a travelling grate within the boiler. The spent steam from the turbine is condensed in a condenser cooled with water from a cooling tower. The condensate is then recycled to the boiler. Hot flue gas is passed through a mechanical cyclone and then cleaned further in an electrostatic precipitator to remove ash and particulates in the gas stream, prior to venting to the atmosphere via a tall stack. Ash and any effluent sludge will be collected and used for other purpose.

INFORMATION ON THE BIOMASS ENERGY BUSINESS (cont'd)

The steam boiler combusts the wood biomass fuel on a grate, converting the biomass organic potential to steam. The steam temperature will be superheated to 445°C to allow for more efficient turbine operation. The heat of combustion will be captured first in wall tubes containing water, followed by the superheater and convection section, and finally by the economizer and air heater. The goal of these devices is to capture from the steam some 70% to 75% of the theoretical heating value of the incoming wood fuel. The heat of combustion will drive the steam turbine to generate power. The turbine-generator is typically a multistage rotor spinning at 3,600 to 8,000 RPM. The proposed turbine will spin at 7,800 RPM whereas the generator spins at 1,500 RPM (4 pole generator). From the steam turbine, the electricity energy for which the voltage will then be stepped up through transformer(s) in order to deliver useful power to the grid in accordance to the existing distribution line voltage at 33kV. In terms of boiler type selection, travelling grate type is opted for the Biomass Power Plant, with a steam flowrate of 51.5 ton per hour and design steam pressure of 41 bar (G). This type of boiler system and design parameters are commonly applied for a wood-based fired boiler.

Apart from the Sublease Consideration, BTMBP is expected to bear the following capital expenditures and operating expenditures in relation to the operations of the Biomass Power Plant, as follows:

(i) Capital expenditures

No.	Purposes	RM'000
(a)	Preliminaries and relevant applications to the relevant regulatory authorities	4,500
(b)	Installation and setting up of biomass power generation system (including fuel handling, storage and feeding facilities, boiler systems, steam turbine, water treatment system, air pollution control systems, piping, electrical, control and instrumentation systems as well as related equipment)	83,600
(c)	Civil and structural works (such as site development, road and drainage works, foundation and building works as well as other related infrastructures to be erected)	12,000
(d)	Voltage electrical works	4,500
(e)	TNB grid interconnection works and grid connection acceptance test, testing, commissioning and reliability run works	6,500
(f)	Related amenities and contingencies	4,500
	Total	115,600

(ii) Operating expenditures (per annum basis)

No.	Purposes	RM'000
(a)	Salaries and worker remunerations	840
(b)	Fixed operational and office overheads	36
(c)	Complete equipment maintenance and replacement of spare parts	1,440
(d)	Insurances (complete scope)	244
(e)	Licensing fee (Suruhanjaya Tenaga Malaysia)	17
(f)	Utilities cost (electricity & water)	288
(g)	Fuel cost (wood waste products and related costs)	9,435
	Total	12,300

SALIENT TERMS OF THE REPPA

(a) Salient Terms

The parties entered into the renewable energy power purchase agreement dated 23 July 2020 pursuant to subsection 12(1) of the Renewable Energy Act 2011 ("**REA 2011**"). BTMBP has been granted a feed-in approval dated 1 July 2020 bearing number M2020060001 ("**Feed-in Approval**") by the Sustainable Energy Development Authority Malaysia ("**Authority**").

(b) Term

This REPPA shall take effect on the effective date and continue in effect throughout the effective period as specified in the Feed-in Approval, unless early termination in accordance with this REPPA.

(c) Conditions Precedent

- (i) This effective date shall only occur when this agreement has been executed and delivered by each of the Parties and registered by the Authority pursuant to subsection 12(6) of REA 2011;
- (ii) The initial operation date and the right of BTM Biomass to commence generation of renewable energy at the renewable energy installation and to supply, deliver and sell test renewable energy to TNB shall occur upon the satisfaction of the conditions as set out in subparagraph 6(7) of Schedule 3 of the Renewable Energy (Technical and Operational Requirements) Rules 2011 ("**T&O Rules**");
- (iii) Without limiting to the requirements set forth in (a) and (b) but subject to consequences of delay and default, as set out below, the feed-in tariff commencement date shall only occur upon:-
 - (1) The satisfaction of the conditions as out in subrule 15(1) of the T&O Rules; and
 - (2) The submission by BTMBP to TNB of the Authority's written confirmation of the feed-in tariff rate.

(d) Price

- (i) The price for test renewable energy sold and delivered by BTMBP and purchased and accepted by TNB shall be the price equivalent to 30% of the prevailing displaced cost; and
- (ii) The price for metered renewable energy sold and delivered by BTMBP and purchased and accepted by TNB shall be the feed-in tariff rate provided that the total metered renewable energy generated in each contract year shall not exceed the declared annual availability of such contract year.

(e) Billing and payment

The parties agree that the reading of meters, issuance of bills and payment toward such bills shall be carried out in accordance with the applicable provisions of the T&O Rules. Each party shall be entitled to receive from the other party interest of any due but unpaid amount owing to the entitled party pursuant to this REPPA and/or the T&O Rules, calculated at a rate of one per centum (1%) above the base lending rate then in effect at the principal office of Malayan Banking Berhad or its successors in title, from the date on which such amount became due, including such date, until the date full settlement is made, excluding such date.

SALIENT TERMS OF REPPA (cont'd)

(f) Event of default

The occurrence of any one of the following shall constitute an event of default, unless excused under another provision of this REPPA:-

- (i) Any party shall fail to make payments for undisputed amounts under this REPPA to another Party within sixty (60) days after receipt written notice of such non-payment;
- (ii) The feed-in approval holder's authorization shall have been revoked or terminated, and all applicable appeal periods shall have expired, or a final decision on the appeal confirming such suspension, revocation or termination shall have been issued;
- (iii) Any party shall fail to comply with any of its other material obligation under this REPPA and such failure continue un-remedied for 90 days after notice thereof by another Party, provided that if such failure cannot be remedied within such period of 90 days with the exercise of reasonable diligence, then such remedy period shall be extended for and addition period of 90 days so long as such failure is susceptible to remedy, and such party is exercising reasonable diligence to remedy such failure; and
- (iv) BTMBP abandon the Project and fails to resume activities within a period of time determined by the Authority;
- (v) The occurrence of the following:-
 - (a) Any party becomes insolvent or suspends payment of its debts generally or is unable to pay its debts as they fall due;
 - (b) A receiver, receiver and manager, administrator, liquidator, provisional liquidator, trustee, custodian or similar officer is validly appointed over all or a material part of the undertakings, property or assets of any party or a security holder lawfully takes possession of the whole or a material part of the undertakings, property or assets of any Party or distress or any other form of execution is levied, enforced or adjudged against or upon any such assets and is not discharged within 30 days of being levied, enforced or adjudged;
 - (c) An order is made or a resolution passed for the liquidation, winding-up or dissolution of any party, save for a member's voluntary liquidation solely for the purpose of a solvent reconstruction or amalgamation, or a partition is presented for the winding up of a party; or
 - (d) Any party enters into a general assignment, arrangement or composition with or for the benefit of its creditors pursuant to section 176 of the Companies Act, 1965.

(g) Right of termination

If an event of default occurs, the non-defaulting party may by giving 14 days written notice to the defaulting party. The termination of the REPPA shall not prejudice or affect the accrued rights or claims and liabilities of the parties.

(h) Consequences to termination

- (i) If TNB terminates this REPPA as a result of an event of default by BTMBP, TNB shall have the option but not the obligation, exercisable by notice in writing to BTM Biomass and the Authority within 60 days of the termination of this REPPA. In the event the option is exercised, BTMBP shall sell the Project, including the Feed-in Approval to TNB;

SALIENT TERMS OF REPPA (*cont'd*)

- (ii) If BTMBP terminates the REPPA as a result of an event of default by TNB, BTMBP shall have the option but not the obligation, exercisable by notice in writing to TNB and the Authority within 60 days of the termination of this REPPA. In the event the option is exercised, TNB shall purchase the Project, including the Feed-in Approval to BTMBP; and
- (iii) Any transfer of the Feed-in Approval to TNB shall be subject to any conditions of transfer contained in the Feed-in Approval.

(i) Governing law and jurisdiction

This REPPA is governed by and is to be construed in accordance with the laws of Malaysia.

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SALIENT TERMS OF THE LEASE AGREEMENT**(a) Lease Period**

- (i) The agreed Lease Period of the Teluk Kalong Land is for 30 years ("**Lease Period**").
- (ii) PMINT grants BTMBP the sole and exclusive right to access and occupy the Teluk Kalong Land throughout the Lease Period in order to carry out works and development of the Biomass Power Plant from the date of the Lease Agreement until the termination in accordance with the terms and conditions set forth in the Lease Agreement.
- (iii) If BTMBP wishes to apply for an extension following the expiration of the Lease Period, BTMBP shall apply by 3 months' notice in writing from the expiry of the Lease Period, and such approval for extension is strictly subject to the approval from the State Government of Terengganu and PMINT.
- (iv) PMINT hereby agrees that, upon the execution of the Lease Agreement and the payment for Phase 1 made by BTMBP as specified in the Lease Agreement, BTMBP is entitled to access to the Teluk Kalong Land for Phase 1 to commence, inter alia and limited to, preliminary works, such as soil testing and to do all the necessary to facilitate drawings, and for the purpose of submission of the development plan of the Teluk Kalong Land to the relevant authorities for the relevant plants and its associated buildings to be built thereon.

(b) Condition Precedent

Is hereby agreed by PMINT and BTMBP that this Lease Agreement is also subject to the following condition precedent, and the Parties agree that BTMBP shall obtain the approval of the shareholders of its parent company, BTM Resources Berhad for the lease of land by BTMBP from PMINT in accordance with the terms of this Lease Agreement within three (3) months from the date of this Lease Agreement and/ or within an extension of time agreed in writing by PMINT and BTMBP.

(c) Payment for the Lease Period and Land Tax

- (i) In consideration of the leasing of the Teluk Kalong Land for 30 years, BTMBP shall make payment to PMINT for the Total Lease Consideration in the following manner:

Phase	Area (acres)	Milestone	Total	
1	20	<ul style="list-style-type: none"> Upon signing of the Lease Agreement Payment shall be made within 7 days upon the issuance of the leasehold title of the Teluk Kalong Land in favour of PMINT 	43%	1,705,112.10
			57%	2,260,807.20
2	30	<ul style="list-style-type: none"> Upon signing of the Lease Agreement Payment shall be made within two (2) years after the issuance of Leasehold Title. Confirmation to commence Phase 2 and Phase 3 must be made before or in March 2024. The total lease payment for the Lease Agreement for the purposes of Phases 1, 2, and 3 shall be made before or in March 2025. 	5%	297,443.95
			95%	5,651,435.00

SALIENT TERMS OF THE LEASE AGREEMENT (cont'd)

Phase	Area (acres)	Milestone	Total	
3	30	<ul style="list-style-type: none"> • Upon signing of the Lease Agreement • Payment shall be made within two (2) years after the issuance of Leasehold Title. • Confirmation to commence Phase 2 and Phase 3 must be made before or in March 2024. • The total lease payment for the Lease Agreement for the purposes of Phases 1, 2 and 3 shall be made before or in March 2025. 	5%	297,443.95
			95%	5,651,435.00

(ii) However, the lease payment for Phase 1 shall be the sum of RM3,965,919.30, which shall be made by BTMBP in the manner of payment prescribed and agreed upon by both parties in consideration of the lease of 30 years and as the security in ensuring the development of later phases which details for the time and period is set out as above in Paragraph (b)(i).

(iii) The remaining lease payment for Phase 2 and Phase 3 will be paid by BTMBP upon the finalisation of the Lease Agreement in accordance with the terms and conditions to be negotiated and agreed by both parties.

(iv) BTMBP shall also make an advanced payment of the quit rent of the Teluk Kalong Land for the first 5 years of the Lease Period upon the execution of the Lease Agreement in the amount specified in the Lease Agreement ("**Quit Rent**") which amounts to RM323,748.50.

(v) BTMBP shall also, within the period specified below, pay to PMINT the following payments which amount will be determined and/or notified to the parties thereafter:

- (a) payment of the Performance Bond to be paid within 12 months from the date of approval of the Development Plan by way of insurance guarantee which amounts to 10% of the Phase 1 payment;
- (b) payment of the Teluk Kalong Land's third-party insurance premium within 30 days from the date the Lease Agreement is signed.

(vi) The performance bond shall be cancelled and/or returned to BTMBP, whichever applicable, upon the completion and compliance with Phase 1 project's standards (i.e. energy used and released by SEDA).

(d) Costs for the subdivision

The parties agree that all the costs associated with the subdivision of the boundary shall be borne in full by BTMBP. PMINT shall use its best endeavour to assist BTMBP in connection with the applications for the subdivision.

(e) Taa'widh on late payment

Without prejudice to PMINT's other rights contained in the Lease Agreement, in the event any default by BTMBP on any lease payment, as well as the payments specified in Paragraph (b)(i), (b)(iii) and (b)(iv) above by BTMBP, Taa'widh would be imposed on the outstanding amount and it shall be calculated commencing on the date of default in payment. Taa'widh shall be paid by BTMBP and shall be computed from the date of default and shall be calculated daily at a rate of 10% per annum on the total outstanding amount of Lease Payment or any part thereof until the full and final settlement of the said sum.

SALIENT TERMS OF THE LEASE AGREEMENT (cont'd)**(f) Land use, building plan, development period and disposal period**

- (i) The parties agree that the Teluk Kalong Land shall be used only for the purposes of the said Project.
- (ii) The parties agree that the Teluk Kalong Land shall be utilised for the purpose of storage, warehousing, processing, distributing raw materials, industrial products, and in particular for the usage of a Power Plant, and any related facilities including accommodation for employees only. The fuel for the Power Plant consists of wood debris, Empty Fruit Bunch ("**EFB**") and other materials deemed acceptable by SEDA.
- (iii) BTMBP hereby undertakes to submit a development plan for the Teluk Kalong Land within 120 days from the date of the Lease Agreement, together with any other relevant plans, approvals and permits to Majlis Perbandaran Kemaman, Terengganu or any relevant authorities for approval, and within 90 days from the date of approval of the development plan to commence the construction of buildings on the Teluk Kalong Land. A duplicate copy of the letters of application to the relevant authorities must be provided to PMINT.
- (iv) BTMBP shall, within 12 months from the date of the Lease Agreement, obtain the approval of planning permission and development plan for the Teluk Kalong Land ("**Planning Permission and Development Plan**") from the relevant authorities. In the event BTMBP fails to obtain the said approval within the specified period, PMINT:
 - (a) shall make a nomination as per the format prescribed in the Lease Agreement and PMINT is entitled to dispose of 10% of the lease payment for Phase 1; and
 - (b) reserves the right to dispose of 5% of the deposit from Phase 2 and Phase 3 respectively, amounting to a total of 10% deposit (i.e. 5% from Phase 2 and 5% from Phase 3), and shall after the deduction of 10% of Lease Price from Phase 1 return the balance of the Lease Payment (if paid) from Phase 1 and also a total of 10% deposit from Phase 2 and Phase 3 as stated above to BTMBP within sixty (60) days from the date of termination.
- (v) BTMBP hereby undertakes to complete the entire development as approved in the said Planning Permission and Development Plan within 12 months ("**Development Period**") from the date of approval of the Planning Permission and Development Plan and thereafter, an extension of 12 months following the expiration of the Development Period ("**Extended Development Period**") given by PMINT.

In event of BTMBP's failure to:

- (a) complete the entire development without reasonable excuses within the specified time period stated above, PMINT reserves the right to forfeit the total payment of the Lease up to the date of termination of this lease; or
- (b) complete the entire development without reasonable excuses within the specified time period stated above, PMINT reserves the right to forfeit 10% of the Lease Payment;

and such failure was due to the act of default of Lessee, PMINT reserves the right to terminate, as stated above, and shall return the balance of the lease payments made to BTMBP within 60 days from the date of such termination.

- (i) BTMBP hereby undertakes to, prior to the expiry of the Lease Period ("**Disposal Period**"), demolish or remove all buildings or equipment related to the Teluk Kalong Land, including both temporary or permanent buildings or structures located on or within the Teluk Kalong Land at its own cost. In the event of Lessee's failure or refusal to

SALIENT TERMS OF THE LEASE AGREEMENT (cont'd)

demolish or remove all the buildings or equipment related to the Teluk Kalong Land, including both temporary or permanent buildings or structures located on or within the Teluk Kalong Land during the Disposal Period, PMINT is entitled to demolish or remove all buildings or equipment related to the Teluk Kalong Land, including both temporary or permanent buildings or structures located on or within the Teluk Kalong Land, to which the costs in full shall be borne by BTMBP.

- (ii) The details and relevant steps for the application for the approval of the Planning Permission and Development Plan are to be executed by BTMBP as a part of their obligation.

(g) Undertakings by BTMBP

- (i) BTMBP shall ensure that the waterflow which was used by the building of the said Project on the Teluk Kalong Land is not directly channelled into the lakes or rivers nearby or into the lakes or rivers or source of water located on the said Land, unless prior approval or certification from the relevant authorities and departments have been obtained;
- (ii) BTMBP shall be responsible for the cleanliness of the surrounding area during and after the construction work carried out on the Teluk Kalong Land, to ensure that the Teluk Kalong Land is taken care of, and will not damage or cause any damage to the adjacent lands or any properties belonging to the State Government and/or the relevant authorities of the State Government situated on the said Land. In particular, BTMBP shall not damage or cause any damage on the stones that mark the boundary of the Teluk Kalong Land, and in the event of damage, BTMBP shall, at its own expenses, hire a licensed surveyor to replace it;
- (iii) During the Lease Period, BTMBP shall at any time permit PMINT or its employees or agents to enter the Teluk Kalong Land to conduct measuring work or other official works provided that prior written notice has been provided within 14 days;
- (iv) BTMBP shall ensure that the height of any building erected on the Teluk Kalong Land is limited in order not to carry high risk unless approval or certification has been obtained from the relevant authorities and department, and such approval letter/certificate shall be submitted to PMINT within the time period specified and mutually agreed by both parties, which does not exceed 12 months from the date of commencement of the development project of the said Teluk Kalong Land;
- (v) BTMBP shall maintain the cleanliness of Teluk Kalong Land and control the air pollution from smoke, dust, odours, chemicals, and others that may threaten or endanger public health and shall also at all times comply with the requirements stated under the Environmental Quality Act, 1974;
- (vi) BTMBP shall not be allowed to create or channel any oil, rubbish, waste, and other materials that may pollute or contaminate the environment into the ditches or drains around the Teluk Kalong Land;
- (vii) BTMBP shall to the best of its ability, control and take appropriate measures to avoid causing any disturbance to the peace of the residents around the Teluk Kalong Land;
- (viii) BTMBP shall be responsible for all actions, claims, notices, or allegations that may arise in relation with the said Project or the said Teluk Kalong Land during the Lease Period;
- (ix) BTMBP shall pay the Lease Payment to PMINT as provided under the Lease Agreement;
- (x) BTMBP shall not carry out, cause, or permit any acts that are contrary to applicable Laws, By-laws, Rules, and Regulations to be carried out on the Teluk Kalong Land or cause or permit any acts that will or may be a nuisance or disturbance to PMINT, the relevant authorities or the occupants on the adjacent lands;
- (xi) BTMBP shall not carry, store, permit, or attempt to carry or store at the Teluk Kalong Land firearms, ammunition or goods in violation of applicable Laws, By-laws, Rules, and Regulations including explosives, kerosene, any flammable material, or any items which in the opinion of PMINT is of a dangerous nature, except materials related to the Project as permitted by the relevant authorities;

SALIENT TERMS OF THE LEASE AGREEMENT (cont'd)

- (xii) BTMBP shall promptly notify PMINT in writing of any change or alteration to our Board of directors or shareholders of BTMBP which exceeding 50% or any other major change relating to the Project;
- (xiii) BTMBP shall adhere to all conditions imposed by the State Authority for all activities carried out on the Teluk Kalong Land;
- (xiv) BTMBP agrees with PMINT on the following:
 - (a) BTMBP shall carry out its obligations under the Lease Agreement and at its own risks, to waive PMINT's and its agents, and servant's liabilities in respect of any accidents, injuries or death and whatsoever arising from the performance of the Lease Agreement and PMINT shall have no responsibility and liability in respect of such accident, damage, injury or death;
 - (b) BTMBP shall at all times indemnify PMINT from any actions, lawsuits, claims, proceedings, loss, damages, compensation, costs (including legal fees), charges, and consequential expenses for which PMINT has, may, or will have a liability in respect of negligence or misuse by BTMBP, its personnel, servants, agents or employees appointed by BTMBP OR any losses or damages to goods or properties or any kind of injuries incurred, caused or contributed by the performance of the Lease Agreement by BTMBP to any person, and it is not due to the negligence, wilful act, default or omission of PMINT, its personnel, servants, agents or its employees; and
 - (c) The obligations as set out in paragraphs (f)(xiv) and (f)(xv) hereof shall continue after the expiry of the Lease Period or upon the termination of the Lease Agreement in respect of any acts, deeds, things, or events that took place prior to the expiry of the Lease Period or termination of the Lease Agreement.
- (xv) BTMBP shall, at its own costs and expenses, indemnify, protect and defend PMINT, its agents, and servants from and against all actions, claims, and liabilities arising out of the actions taken by BTMBP in performing the Lease Agreement, including the use or misuse of any copyrighted work, literary property, patented inventions, articles or tools;
- (xvi) BTMBP shall be fully responsible for the entire costs and expenses of the Teluk Kalong Land and make all necessary arrangements for the financial allocation of the Teluk Kalong Land;
- (xvii) Except with the written permission from PMINT, BTMBP, its employees, servants, agents, or employees, shall not at any time disclose to any person, body, or entity any confidential information disclosed or known to it in performing its obligations under the Lease Agreement, and BTMBP and its staffs, employees, servants, agents or employees shall not publicly inform the proposals, assessments, and opinions formulated during the performance or as a result of the performance of the Lease Agreement. BTMBP and its staffs, servants, agents, or employees are also prohibited from issuing, publishing or causing to be published or giving any press or the public any statements or information relating to the Lease Agreement without first obtaining written permission from PMINT; unless it is information that needs to be communicated to the statutory and regulatory bodies and relevant authorities as mandated under the Malaysian laws and regulations; and
- (xviii) the Lease Agreement shall be construed and subjected to the laws of Malaysia and the Parties shall submit to the jurisdiction of courts in Malaysia.

(h) Default by BTMBP

- (i) Fails to pay any amount due for the consideration of the Lease Agreement or any part thereof, any fine payable thereon pursuant to Taa'width on late payment of the Lease Agreement or any amount due by BTMBP under the Lease Agreement; or
- (ii) fails to pay any amount due under the Lease Agreement within the prescribed period; or
- (iii) fails to comply with or breaches any terms and conditions or undertakings contained in

SALIENT TERMS OF THE LEASE AGREEMENT (cont'd)

- the Lease Agreement; or
- (iv) is negligent in carrying out its obligations under the Lease Agreement or in breach of any of its obligations under the Lease Agreement; or
 - (v) Fails to complete development within the Development Period;

PMINT reserves the right to issue a written notice to BTMBP stating the particulars of default and/or failure to perform of BTMBP, and BTMBP shall, within thirty (30) days from the date of the notice, remedy the aforementioned default and/or failure. In the event of Lessee's failure to remedy the said default and/or failure within the specified period, PMINT reserves the right to terminate the Lease Agreement immediately via a written notice to BTMBP:

PMINT reserves the right to terminate the Lease Agreement immediately by giving a written notice to that effect to BTMBP if:

- (i) An order has been made or a resolution has been passed for the winding up of Lessee except for the purpose of restructuring or consolidation not involving the assets of which the interests of creditors are protected;
- (ii) BTMBP has entered into liquidation or a receiving officer has been appointed over Lessee's assets or BTMBP has made an assignment for interest or entered into an arrangement or composition with its creditors or ceased payment or is unable to pay its debts;
- (iii) Execution has been levied on a substantial portion of BTMBP's assets unless a stay of proceeding has been taken in good faith to set aside the execution.

Following the termination of the Lease Agreement, all rights and powers under the Lease Agreement shall terminate immediately and;

- (i) PMINT shall cease the works and use of the Teluk Kalong Land;
- (ii) BTMBP shall terminate all contracts entered into with third parties by PMINT to carry out the execution of the Lease Agreement and PMINT shall not be liable for costs and claims arising from such termination;
- (iii) PMINT shall be responsible for obtaining a letter of clearance from all consultants involved in the development;
- (iv) PMINT reserves the right to claim against BTMBP for any loss or damage incurred as a result of the termination of the Lease Agreement;
- (v) PMINT reserves the right to appoint a company or other party to lease the Teluk Kalong Land;
- (vi) PMINT reserves the right to forfeit all or part of the Deposit subject to Paragraphs (e)(iii) and (e)(iv) above (if applicable) as compensation and PMINT reserves the right to sell, rent, and lease the Teluk Kalong Land to any other party at PMINT's absolute discretion;
- (vii) PMINT reserves the right to forfeit the Lease Price that has been paid by PMINT;
- (viii) BTMBP shall at his own cost and expense vacate the Teluk Kalong Land and relinquish the vacant ownership of the Teluk Kalong Land to PMINT within 30 days from the date of the termination notice and PMINT shall repair all damages caused by the vacancy and surrender of the Teluk Kalong Land; and
- (ix) Upon termination of the Lease Agreement under this clause, no person whether BTMBP, his personal representative, assignee, and all persons claiming title thereby shall be entitled to make any claim against PMINT in respect of the Lease Agreement other than and except for any has been granted to him by the provisions of this clause.

Provided that this termination shall not affect or prejudice the rights of any Party arising before the date of termination of the Lease Agreement and obligations thereunder shall continue even after the termination of the Lease Agreement for any acts, deeds, or things occurring prior to the termination.

SALIENT TERMS OF THE LEASE AGREEMENT (cont'd)**(i) Registration of lease**

- (i) Provided that PMINT has paid the entire Lease Price for Phase 1 pursuant to Paragraph (b) above, and all Taa'widh under the Lease Agreement (if any), PMINT shall upon signing the Lease Agreement:
- (a) to duly execute and complete a valid Lease Form (Form 15A National Land Code) in the name of BTMBP and submit it to BTMBP's Solicitor or solicitor chosen by BTMBP together with the original copy of the qualified title of the Teluk Kalong Land;
 - (b) submit any documents that may be required for registration of the Lease at the relevant land office/relevant registrar.
- (ii) Upon BTMBP's settlement on the Lease Price for the purpose of Phase 1 as set out in the Paragraph (b)(i) above and if a separate Qualified Title has been issued by the relevant Party, the Parties hereby authorize BTMBP's Solicitor to proceed with the registration of the Lease Form (Form 15A National Land Code) at the relevant land office subject to the following conditions:
- (a) BTMBP must submit a corporate guarantee addressed to PMINT issued by our Company;
 - (b) Upon completion of the lease registration, BTMBP's solicitor shall submit to PMINT the following documents:
 - Original Qualified Title of the Teluk Kalong Land;
 - A Duplicate Copy of the Form 15A National Land Code that has duly been registered; and
 - BTMBP is only allowed to retain a Copy of the Qualified Title and a Duplicate Copy of the Lease Form.

(j) Fixed payment

All premiums, land taxes and other taxes and fees imposed or to be imposed by the government or other relevant authorities ("**Fixed Payment**") in respect of the Teluk Kalong Land shall be borne by BTMBP from the date of the Lease Agreement whereby BTMBP will continue to pay to PMINT the Fixed Payment in respect of the Teluk Kalong Land until the registration of the Lease Form of the Teluk Kalong Land in the name of PMINT is completed. Thereafter, BTMBP is required to pay it directly to the appropriate authority.

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SALIENT TERMS OF THE SUBLEASE AGREEMENT

(a) Grant of Sublease

- (i) In consideration of the mutual covenants and agreement between the parties hereto and the Sublease Consideration hereto, SPPT hereby grants to BTMBP and BTMBP accepts from SPPT, the Sublease together with all necessary rights of access to and from the Plantation Lands and for all purposes required by BTMBP in connection with the Plantation Lands and such other rights (insofar as SPPT is legally capable of granting such rights) as BTMBP requires for its use and enjoyment of the Plantation Lands, for the sublease term of 63 years expiring 30 December 2084 ("**Sublease Term**") at the Sublease Consideration subject to and in accordance with the terms of the Sublease Agreement.
- (ii) The Sublease Consideration shall be payable on a lump sum basis without deduction or set-off by BTMBP to SPPT without demand on or before the Commencement Date.

(b) Use of the Plantation Lands

- (i) BTMBP shall use the Plantation Lands only for undertaking the plantation of *Acacia mangium*.
- (ii) BTMBP hereby acknowledges that the Plantation Lands has been zoned for the purpose of undertaking the plantation of *Acacia mangium*. In view hereof, BTMBP hereby covenants with SPPT that it shall occupy and use the Plantation Lands solely for undertaking the plantation of *Acacia mangium*.

(c) Conditions Precedent

The obligations of the parties that are set out in this Sublease Agreement are conditional upon the following being fulfilled, obtained or waived (as the case may be) within 6 months from the date of the Sublease Agreement or such other extended date as the parties may mutually agree in writing ("**Conditional Period**"):

- (i) the grant of approval of BTMBP's shareholders approving, inter alia: -
 - (a) the lease of the Plantation Lands in accordance with the terms of this Sublease Agreement; and
 - (b) the completion of the Proposed Rights Issue of Warrants-C for the proposed corporate exercises undertaken by BTM which includes the Proposed Diversification and Proposed Lease of Teluk Kalong Land.

for the avoidance of doubt, the Proposed Sublease is interconditional with the Proposed Rights Issue of Warrants-C and the Proposed Diversification, and is conditional upon the approval of the Proposed Lease of Teluk Kalong Land.

- (ii) all filings with any governmental or regulatory authorities and other relevant third parties in Malaysia or elsewhere which are required or appropriate for entering into and the performance of the Sublease Agreement having been given or made; and all applicable statutory or other legal obligations having been complied with.
- (iii) subject to the Bursa Securities' approvals in respect of the Proposals;
- (iv) the approval of the Proposed Diversification, Proposed Sublease and Proposed Rights Issue with Warrants-C by the non-interested shareholders of BTMBP to be obtained at an EGM to be convened; and

SALIENT TERMS OF THE SUBLEASE AGREEMENT (cont'd)

- (v) the approval of the Proposed Sublease by any other relevant authorities and/or parties, if required.

(collectively, the "**Conditions Precedent**")

The Sublease Agreement shall become unconditional on the date the last Conditions Precedent is satisfied (or, if applicable, waived) within the Conditional Period.

Upon the fulfilment of all the Conditions Precedent within the Conditional Period and subject to the payment of the Sublease Consideration, the Sublease shall commence on the business date falling 14 days after the Unconditional Date (as defined herein) or any extended date as may be mutually agreed between the parties in writing on which the commencement date takes place ("**Commencement Date**") and expire on 30 December 2084 (i.e. the remaining period of 63 years on the lease of the Plantation Lands) ("**Expiration Date**") whereupon SPPT shall deliver the vacant possession of the Plantation Lands to BTMBP, provided that all moneys due hereunder shall have been duly paid and all other terms and conditions have been duly performed and observed by BTMBP, SPPT shall deliver vacant possession of the Plantation Lands on an "as is where is basis", to BTMBP on the Commencement Date.

Notwithstanding anything to the contrary therein contain, in the event that vacant possession of the Plantation Lands is delivered to BTMBP prior to the date of signing of the Sublease Agreement, BTMBP shall occupy or use the Plantation Lands upon the terms and conditions of the Sublease Agreement and perform and observe any of the covenants and conditions herein contained and, on its part, to be performed and observed.

(d) Waiver and non-fulfilment of the Conditions Precedent

- (i) The parties may (but shall not be obliged to) modify, by written agreement signed by them, any of the Conditions Precedent which, by applicable laws, can be modified whereupon such Conditions Precedent shall be deemed to be (as applicable) modified as aforesaid.
- (ii) The parties may waive (if capable of being waived under the prevailing laws, rules, regulations, and relevant listing requirements) all or any of the Conditions Precedent at any time and proceed with the Proposed Sublease.
- (iii) In the event that any one of the Conditions Precedent is not or cannot be fulfilled, obtained or waived during the Conditional Period, either party shall be entitled, by written notice to the other, to terminate the Sublease Agreement and upon such notice being served on the other and subject to the performance by the parties of their respective obligations upon termination, the Sublease Agreement shall be null and void and be of no further effect.

(e) Notification to MAIDAM

SPPT shall notify MAIDAM of the Sublease in the form and substance as prescribed in the Sublease Agreement within 7 days from the date on which the last of the Conditions Precedent is fulfilled, obtained or waived (as the case may be) ("**Unconditional Date**").

(f) Land tribute, assessments, outgoings, utilities and infrastructure

- (i) BTMBP shall pay a fee of RM1.00 per acre which is chargeable annually ("**Land Tribute**") imposed on the Plantation Lands by and payable to MAIDAM including any increase thereon incurred from the Commencement Date. The portion of the Land Tribute (in

SALIENT TERMS OF THE SUBLEASE AGREEMENT (cont'd)

respect of the Plantation Lands) payable by BTMBP shall be calculated by SPPT in accordance with the total area of the Plantation Lands.

(ii) BTMBP to pay for outgoings and utilities:

(aa) BTMBP shall pay, bear and discharges all and any rates, taxes, assessment, duties, impositions, fees, other outgoings and burdens whatsoever lawfully assessed charged or imposed on the Plantation Lands by Relevant Authority⁽¹⁾ including any increase thereon incurred from the Commencement Date for the remaining lease period until expiry, if any. These payments shall be apportioned with SPPT on the Commencement Date. For the purpose of apportionment, production of receipt and/or other proof/evidence of payment save for any manifest error shall be proof that such payment has been made.

Note:

(1) Relevant Authority is defined as any national, state or local government, semi-government, quasi-government or other body or authority, statutory or otherwise, authorised or having authority to exercise its rights, jurisdiction and/or responsibility in connection with or affecting the Chenderong Concession and/or the Plantation Lands as the case may be.

(bb) BTMBP shall promptly pay all utilities charges in respect of utilities used or consumed by BTMBP in the Plantation Lands (including but not limited to the deposits and fees for electricity, gas, water bills, sewerage, telecommunication, conservancy, refuse collection, disposal, desludging, storage, licenses and other utilities, services or facilities) to the Relevant Authority and/or the utilities companies.

(iii) Construction of Infrastructure

(aa) BTMBP shall at its own costs and expenses be responsible for the construction of any infrastructure within the Plantation Lands, lay the necessary electrical cables and erect the necessary equipment as required by the Relevant Authority and/or Tenaga Nasional Berhad. BTMBP shall also be responsible for applying to the Relevant Authority and/or TNB for the connection of the electricity supply to the Plantation Lands.

(bb) BTMBP shall at its own costs and expenses construct the water pipes and apply for the connection of internal water supply from the water mains in or near the Plantation Lands and shall also be responsible for the construction of sewer pipes and the connection of internal sewerage from sewer mains in or near the Plantation Lands and the treatment of other industrial waste water from the Plantation Lands.

(cc) BTMBP shall be responsible for applying to the Relevant Authority and/or Telekom Malaysia Berhad for the connection of telephone services to the Plantation Lands and for any costs and expenses arising thereof including the construction of any additional telephone manholes, connecting ducts and other works as may be required by the Relevant Authority and/or Telekom Malaysia Berhad.

(dd) BTMBP shall at its own cost and expense be responsible for the construction of the internal drainage network, internal road network within the Plantation Lands and ingress/egress including the necessary culverts for the Plantation Lands. BTMBP shall be responsible for applying to the Relevant Authority for the approval on the ingress/egress for the Plantation Lands.

SALIENT TERMS OF THE SUBLEASE AGREEMENT (cont'd)

- (ee) For the avoidance of doubt, SPPT undertakes to continuously allow BTMBP to access the Plantation Lands for construction and development during the whole Sublease Term.

(g) SPPT's covenant and obligations

- (i) SPPT shall execute in favour of BTMBP, the registrable Power of Attorney in the form and substance as prescribed in the Sublease Agreement and shall cause such Power of Attorney to be dated simultaneously with the Sublease Agreement and registered the same at the registry of High Court of Malaya and in the books of any company or corporation or land office/registry or elsewhere as may be necessary or desirable at the written instruction of BTMBP.
- (ii) SPPT shall during the currency of the Sublease Agreement, as and where applicable and if so required by BTMBP or under the terms and conditions of the relevant licenses and approvals granted therein for the business of BTMBP, undertake the following obligations:
- (aa) to satisfy the terms and conditions of the licenses and approvals, if so required to be performed and satisfied by SPPT, within the period prescribed in the respective licenses and approvals;
- (bb) to make and sign any application(s) necessary to be made to the Relevant Authority;
- (cc) to execute all documents, do all acts and things and take all steps as may be reasonably necessary to give effect to the terms and conditions contained in the licenses and approvals, and all other contracts and obligations in relation thereto; and
- (dd) to faithfully perform, observe and discharge all obligations, duties and liabilities therein.
- (iii) SPPT shall further undertake the following:
- (aa) not to make any changes to the category of land use, express conditions or restriction of interest of the Chenderong Concession, without the prior written consent of BTMBP;
- (bb) not to take any step, give any direction or order, sign any document, pledge the credit, incur liabilities or obligations which in any way may prejudice the Sublease Agreement or the interest of BTMBP, save with BTMBP's written consent;
- (cc) where necessary, to obtain MAIDAM's approvals, consent, and signatories in regards to the licenses and approvals as stated in Paragraph (g)(ii) above.

(h) Quiet enjoyment

SPPT hereby covenants with BTMBP that upon BTMBP paying the Sublease Consideration and performing and observing the covenants and stipulations therein and on its part to be performed and observed, BTMBP shall, subject to the Sublease Agreement, peacefully hold and enjoy the Plantation Lands during the Sublease Term without any interruptions by SPPT.

(i) Restriction against further sublease and assignment

- (i) BTMBP shall not be entitled to transfer, novate, assign, sub-lease or sub-let the Sublease or the whole or any part of the Plantation Lands or part with the possession of the Plantation Lands to any other corporation, companies, person or persons in any way whatsoever without the prior written consent of SPPT.
- (ii) BTMBP shall be entitled to charge the Sublease as security for the purpose of procuring financing from any third party.

SALIENT TERMS OF THE SUBLEASE AGREEMENT (cont'd)**(j) Effect of expiration of the Sublease term**

At the expiration of the Sublease Term, the Parties shall execute or cause to be executed all the relevant documents relating to the surrender of the Sublease, whereby:

- (i) BTMBP shall surrender the Plantation Lands, its fixtures and fittings erected thereon on an "as is where is basis" to SPPT without any compensation by SPPT for its fixtures and fittings;

OR

- (ii) if so instructed by SPPT (at the sole and absolute discretion of SPPT), BTMBP shall at its own cost and expense demolish the fixtures and fittings and any enhancement or improvement of any kind (underground piling work excluded) and re-deliver or yield up the Plantation Lands to SPPT with all the trenches, sewerage line, water line, high power pressure line and such other facilities or infrastructure constructed on or underneath the Plantation Lands by SPPT intact and undamaged.

(k) Termination, early determination and expiration of the Sublease Term**Termination**

If:

- (i) BTMBP shall fail to pay and satisfy the Sublease Consideration pursuant to the terms and conditions of the Sublease Agreement; or
- (ii) BTMBP shall at any time fail or neglect to perform and observe any of the covenants and conditions herein contained and, on its part, to be performed and observed; or
- (iii) SPPT shall at any time fail or neglect to perform and observe any of the covenants and conditions herein contained and, on its part, to be performed and observed; or
- (iv) any step is taken or a petition shall be presented or an order be made or a resolution be passed for the winding up of the parties; or
- (v) a receiver or manager and/or special administrator of the parties' undertakings or properties or assets or any part thereof pursuant to any charge or debenture shall be appointed; or
- (vi) BTMBP does or permit to be done on the Plantation Lands any unlawful act;

then, the party at breach shall give to the other party thirty (30) days or such other reasonable time's written notice to remedy the breach and/or make good the default (if the breach or default is capable of remedy) failing which the Sublease Agreement and the Sublease shall be terminated without any further notice in which event, without prejudice to any antecedent breach each of the Party herein has against the other, the following shall apply:

- (i) BTMBP shall execute or cause to be executed all the relevant documents relating to the surrender of the Sublease;
- (ii) SPPT shall refund to BTMBP, the Sublease Consideration (subject to the apportionment on the Sublease Consideration paid, calculated on a day-to-day basis from the Commencement Date up to the date of re-delivery of the vacant possession by BTMBP to SPPT); and
- (iii) (aa) BTMBP shall surrender the Plantation Lands, its fixtures and fittings erected thereon on an "as is where is basis" to SPPT without any compensation by SPPT for its fixtures and fittings;

SALIENT TERMS OF THE SUBLEASE AGREEMENT (cont'd)

OR

(bb) if so instructed by SPPT (at the sole and absolute discretion of SPPT), BTMBP shall at its own cost and expense demolish the fixtures and fittings and any enhancement or improvement of any kind (underground piling work excluded) and re-deliver or yield up the Plantation Lands to SPPT with all the trenches, sewerage line, water line, high power pressure line and such other facilities or infrastructure constructed on or underneath the Plantation Lands by SPPT intact and undamaged;

(iv) SPPT shall be entitled to all remedies in law including a claim for damages from BTMBP.

Early determination

BTMBP may terminate the Sublease Agreement and the Sublease during the Sublease Term by giving a one (1) year written notice to SPPT. Upon expiration of such one (1) year written notice, the Sublease Agreement and the Sublease shall be terminated in which event, without prejudice to any antecedent breach each of the Party herein has against the other, the following shall apply:

- (i) BTMBP shall execute or cause to be executed all the relevant documents relating to the surrender of the Sublease and yield up possession of the Plantation Lands to SPPT and free from any encumbrances;
- (ii) SPPT shall refund to BTMBP, the Sublease Consideration (subject to the apportionment on the Sublease Consideration paid, calculated on a day-to-day basis from the Commencement Date up to the date of re-delivery of the vacant possession by BTMBP to SPPT); and
- (iii) (aa) BTMBP shall surrender the Plantation Lands, its fixtures and fittings erected thereon on an "as is where is basis" to SPPT without any compensation by SPPT for its fixtures and fittings;

OR

(bb) if so instructed by SPPT (at the sole and absolute discretion of SPPT), BTMBP shall at its own cost and expense demolish the fixtures and fittings and any enhancement or improvement of any kind (underground piling work excluded) and re-deliver or yield up the Plantation Lands to SPPT with all the trenches, sewerage line, water line, high power pressure line and such other facilities or infrastructure constructed on or underneath the Plantation Lands by SPPT intact and undamaged.

Effect of the expiration of the Sublease Term

At the expiration of the Sublease Term, the Parties shall execute or cause to be executed all the relevant documents relating to the surrender of the Sublease, whereby: -

- (i) BTMBP shall surrender the Plantation Lands, its fixtures and fittings erected thereon on an "as is where is basis" to SPPT without any compensation by SPPT for its fixtures and fittings; or
- (ii) if so instructed by SPPT (at the sole and absolute discretion of SPPT), BTMBP shall at its own cost and expense demolish the fixtures and fittings and any enhancement or improvement of any kind (underground piling work excluded) and re-deliver or yield up

SALIENT TERMS OF THE SUBLEASE AGREEMENT (cont'd)

the Plantation Lands to SPPT with all the trenches, sewerage line, water line, high power pressure line and such other facilities or infrastructure constructed on or underneath the Plantation Lands by SPPT intact and undamaged.

Notwithstanding anything to the contrary and without prejudice to any other remedies or claims available to SPPT, in the event that BTMBP shall fail to vacate and surrender the Plantation Lands upon termination pursuant to paragraph (k) above, early determination pursuant to paragraph (k) above or expiration of the Sublease Term pursuant to paragraph (k) above, SPPT shall be entitled to recover a late delivery interest payment of ten (10%) per centum per annum calculated on a day-to-day basis, based on the Sublease Consideration from the date of failure to vacate against BTMBP until BTMBP shall have vacated and surrendered the Plantation Lands to SPPT.

(I) Suspension of operations

In the event that BTMBP has breached or has failed to comply with any provision whether expressed or implied in the Sublease Agreement and SPPT has reasonable ground to believe that BTMBP is carrying on any illegal activity prohibited by law or any activity prohibited under the Sublease Agreement, SPPT shall have the right and authority to suspend the use and any operation within the Plantation Lands (including but not limited to the prohibition and suspension of access of BTMBP, its employees or agents to the Plantation Lands) pending the remedial action and compliance of the Sublease Agreement by BTMBP or investigation of the suspected illegal activity or prohibited activity by SPPT or the relevant authority.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

Folks DFK & Co (No. AF 0502)
Chartered Accountants



Date: 29 November 2022

The Board of Directors
BTM Resources Berhad
No. 35-3, Jalan PJU 1/41
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

**BTM Resources Berhad (“BTM” or “the Company”)
Reporting Accountants’ Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2021 for inclusion in the Abridged Prospectus in relation to the Renounceable Rights Issue of up to 1,183,929,204 New Ordinary Shares in BTM (“BTM Shares”) (“Rights Shares”) at an Issue Price of RM0.08 per Rights Share together with up to 394,643,068 Free Detachable Warrants in BTM (“Warrants-C”) on the basis of 6 Rights Shares for every 1 existing BTM Share together with 1 Warrant-C for every 3 Rights Shares subscribed (“Rights Issue with Warrants-C”)**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position as at 31 December 2021 and notes thereto of BTM and its subsidiaries (“BTM Group” or “the Group”) by the Directors of BTM (“Directors”), as set out in the accompanying Attachment A which we have stamped for identification purpose, for inclusion in the Abridged Prospectus in relation to the Company’s Rights Issue with Warrants-C. The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position are specified in paragraphs 5.13 to 5.16 of Chapter 5, Pro forma Financial Information under Part II Contents of Prospectus, Division 5 Abridged Prospectus of the Prospectus Guidelines issued by the Securities Commission Malaysia and are described in the notes in Attachment A (“Applicable Criteria”).

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the events or transactions as set out in Note 1 in Attachment A, on the financial position of the Group as at 31 December 2021 as if such events or transactions had taken place on 31 December 2021. As part of this process, information about the financial position of the Group as at 31 December 2021 has been extracted by the Directors from the audited financial statements of the Group for the year ended 31 December 2021, which have been reported by us on 25 April 2022 without any modification.

Directors’ Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position of the Group as at 31 December 2021 and the related notes on the basis of the Applicable Criteria.

Reporting Accountants’ Independence and Quality Control

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position of the Group as at 31 December 2021 and the related notes have been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position and the related notes on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position and the related notes, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position and the related notes.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2021 would have been as presented in the pro forma consolidated statements of financial position.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



Opinion

In our opinion, the pro forma consolidated statements of financial position of the Group as at 31 December 2021 and the related notes have been properly compiled, in all material respects, on the basis of the Applicable Criteria.

Other Matter

This report is issued by us for the sole purpose of expressing our opinion on the pro forma consolidated statements of financial position and the related notes of BTM which have been compiled by the Directors for inclusion in the Abridged Prospectus in relation to the Company's Rights Issue with Warrants-C and should not be relied upon for any other purposes.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Folk", written over a horizontal line.

FOLKS DFK & CO.
No. : AF 0502
Chartered Accountants

A handwritten signature in black ink, appearing to read "Yong Chin", written over a horizontal line.

NG YONG CHIN
No. : 03051/05/2023 J
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)BTM RESOURCES BERHAD [199401018283] (303962-T)]
(Incorporated in Malaysia)

Attachment A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

The Proforma Consolidated Statements of Financial Position of BTM Resources Berhad ("BTM") as at 31 December 2021 set out below is provided for illustrative purposes only.

Minimum Scenario

	BTM Group Audited as at 31.12.2021 RM'000	[Pro Forma I] After Rights Issue with Warrants-C RM'000	[Pro Forma II] After Pro Forma I and Full Exercise of Warrants-B and Warrants-C RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	28,773	144,373	144,373
Right-of-use assets	1,300	26,000	26,000
Biological assets	-	4,300	4,300
	30,073	174,673	174,673
Current Assets			
Inventories	3,361	3,361	3,361
Trade receivables	419	419	419
Other receivables, deposits and prepayments	3,902	3,902	3,902
Fixed deposits with licensed banks	246	246	246
Cash and bank balances	934	2,034	33,487
	8,862	9,962	41,415
TOTAL ASSETS	38,935	184,635	216,088
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	34,129	70,296	131,184
Revaluation reserves	20,714	20,714	20,714
Capital reserves	119	119	119
Warrant reserves	3,602	29,435	-
Accumulated losses	(39,822)	(42,322)	(42,322)
	18,742	78,242	109,695
Non-Controlling Interest	(11)	(11)	(11)
TOTAL EQUITY	18,731	78,231	109,684
		98	

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

BTM RESOURCES BERHAD [199401018283] (303962-T)
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

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Minimum Scenario (Cont'd)	BTM Group Audited as at 31.12.2021 RM'000	[Pro Forma I] After Rights Issue with Warrants-C RM'000	[Pro Forma II] After Pro Forma I and Full Exercise of Warrants-B and Warrants-C RM'000
Non-Current Liabilities			
Retirement benefit obligations	2,493	2,493	2,493
Lease liabilities	1,191	1,191	1,191
Term loan (secured)	-	92,480	92,480
Hire purchase creditor	33	33	33
Deferred taxation	458	458	458
	<u>4,175</u>	<u>96,655</u>	<u>96,655</u>
Current Liabilities			
Trade payables	2,642	2,642	2,642
Other payables and accruals	4,302	4,302	4,302
Lease liabilities	258	258	258
Term loan (secured)	161	161	161
Amount due to directors	8,626	2,346	2,346
Hire purchase creditor	40	40	40
	<u>16,029</u>	<u>9,749</u>	<u>9,749</u>
TOTAL LIABILITIES	<u>20,204</u>	<u>106,404</u>	<u>106,404</u>
TOTAL EQUITY AND LIABILITIES	<u>38,935</u>	<u>184,635</u>	<u>216,088</u>
Number of ordinary shares ('000)	<u>171,026</u>	<u>946,026</u>	<u>1,239,484</u>
Net assets per share (RM) (a)	<u>0.11</u>	<u>0.08</u>	<u>0.09</u>
Total interest bearing borrowings (RM'000)	<u>234</u>	<u>92,714</u>	<u>92,714</u>
Gearing (times) (b)	<u>0.01</u>	<u>1.19</u>	<u>0.85</u>

(a) Net assets per share is computed based on the total equity of the Group divided by the number of ordinary shares.

(b) Gearing is computed based on the total interest bearing borrowings divided by the total equity of the Group.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)BTM RESOURCES BERHAD [199401018283] (303962-T)
(Incorporated in Malaysia)**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

Attachment A

The Proforma Consolidated Statements of Financial Position of BTM Resources Berhad ("BTM") as at 31 December 2021 set out below is provided for illustrative purposes only.

Maximum Scenario

	BTM Group Audited as at 31.12.2021 RM'000	[Pro Forma I] After Full Exercise of Existing Warrants-B RM'000	[Pro Forma II] After Pro Forma I and Rights Issue with Warrants-C RM'000	[Pro Forma III] After Pro Forma II and Full Exercise of Warrants-C RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	28,773	28,773	144,373	144,373
Right-of-use assets	1,300	1,300	26,000	26,000
Biological assets	-	-	21,150	21,150
	30,073	30,073	191,523	191,523
Current Assets				
Inventories	3,361	3,361	3,361	3,361
Trade receivables	419	419	419	419
Other receivables, deposits and prepayments	3,902	3,902	3,902	3,902
Fixed deposits with licensed banks	246	246	246	246
Cash and bank balances	934	6,193	21,224	60,689
	8,862	14,121	29,152	68,617
TOTAL ASSETS	38,935	44,194	220,675	260,140
EQUITY AND LIABILITIES				
Equity Attributable to Owners of the Company				
Share capital	34,129	42,990	98,240	177,169
Revaluation reserves	20,714	20,714	20,714	20,714
Capital reserves	119	119	119	119
Warrant reserves	3,602	-	39,464	-
Accumulated losses	(39,822)	(39,822)	(42,322)	(42,322)
	18,742	24,001	116,215	155,680
Non-Controlling Interest	(11)	(11)	(11)	(11)
TOTAL EQUITY	18,731	23,990	116,204	155,669
		100		

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

BTM RESOURCES BERHAD [199401018283] (303962-T)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Maximum Scenario (Cont'd)	[Pro Forma I] After Full Exercise of Existing Warrants-B RM'000	[Pro Forma II] After Pro Forma I and Rights Issue with Warrants-C RM'000	[Pro Forma III] After Pro Forma II and Full Exercise of Warrants-C RM'000
Non-Current Liabilities			
Retirement benefit obligations	2,493	2,493	2,493
Lease liabilities	1,191	1,191	1,191
Term loan (secured)	-	92,480	92,480
Hire purchase creditor	33	33	33
Deferred taxation	458	458	458
	<u>4,175</u>	<u>96,655</u>	<u>96,655</u>
Current Liabilities			
Trade payables	2,642	2,642	2,642
Other payables and accruals	4,302	4,302	4,302
Lease liabilities	258	258	258
Term loan (secured)	161	161	161
Amount due to directors	8,626	413	413
Hire purchase creditor	40	40	40
	<u>16,029</u>	<u>7,816</u>	<u>7,816</u>
TOTAL LIABILITIES	<u>20,204</u>	<u>104,471</u>	<u>104,471</u>
TOTAL EQUITY AND LIABILITIES	<u>38,935</u>	<u>220,675</u>	<u>260,140</u>
Number of ordinary shares ('000)	171,026	197,321	1,775,893
Net assets per share (RM) <i>(a)</i>	0.11	0.12	0.08
Total interest bearing borrowings (RM'000)	234	234	92,714
Gearing (times) <i>(b)</i>	0.01	0.01	0.80

(a) Net assets per share is computed based on the total equity of the Group divided by the number of ordinary shares.

(b) Gearing is computed based on the total interest bearing borrowings divided by the total equity of the Group.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

BTM RESOURCES BERHAD [100401018283 (303962-T)]
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

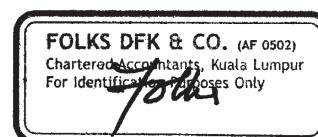
1. CORPORATE EXERCISE - MULTIPLE TRANSACTIONS

At the Extraordinary General Meeting of BTM held on 23 August 2022, the shareholders of BTM have approved the following transactions: -

- (a) lease of a piece of vacant leasehold industrial land measuring a total of 80 acres (323,748.514 square metres) in area within the vicinity of Lot 153-C, Teluk Kalong in the Mukim of Hulu Cukai, District of Kemaman, Terengganu Darul Iman ("Teluk Kalong Land") for a total lease consideration of RM15,863,677 ("Lease of Teluk Kalong Land");
- (b) sublease of approximately 2,255.33 hectares (5,572.912 acres) of secondary forest land identified as Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32) ("Plantation Lands") located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman for a period of approximately 63 years expiring on 30 December 2084 from SPPT Development Sdn Bhd ("SPPT") for a total sublease consideration of RM24,700,000 ("Sublease");
- (c) diversification of the business of BTM and its subsidiaries ("the Group") into the renewable energy business including the construction and operations of a biomass power plant ("Diversification");
- (d) renounceable rights issue of up to 1,183,929,204 new ordinary shares in BTM ("Rights Shares") together with up to 394,643,068 free new detachable warrants ("Warrants-C") at the issue price of RM0.08 per Rights Share on the basis of 6 Rights Shares for every existing 1 ordinary share held in BTM together with 1 Warrant-C for every 3 Rights Shares subscribed, to raise minimum gross proceeds of RM62.00 million and maximum gross proceeds of up to RM94.71 million ("Rights Issue with Warrants-C"); and
- (e) establishment and implementation of a long term incentive plan ("LTIP") of up to 15% of BTM's total issued share capital (excluding treasury shares) at any point in time over the duration of the LTIP for eligible directors and employees of the Group (excluding dormant subsidiaries) ("LTIP"). The LTIP comprises an executive share grant scheme ("ESGS") and an employees' share option scheme ("ESOS").

BTM Biomass Products Sdn Bhd ("BTMBP"), a wholly owned subsidiary of BTM had obtained the feed-in approval from the Sustainable Energy Development Authority ("SEDA") dated 1 July 2020, pursuant to the Renewable Energy Act 2011, to finance, design, supply, build, own, operate and maintain a renewable electrical power plant with a capacity to supply 10 MW per hour of electricity to Tenaga Nasional Berhad ("TNB") under its Feed-in-Tariff ("FiT") system for a period of 21 years commencing no later than 23 January 2023. BTMBP has applied to SEDA for an extension of time for commencement of the FiT period to 23 July 2023 which was approved by SEDA vide its letter dated 15 April 2022.

On 23 July 2020, BTMBP and TNB had entered into the renewable energy power purchase agreement ("REPPA") for a FiT concession period of 21 years for electricity to be generated from the 10 MW biomass renewable electrical power plant ("Biomass Power Plant") to be constructed and situated at the Teluk Kalong Land.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

BTM RESOURCES BERHAD [100401018283 (303962-T)]
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

1. CORPORATE EXERCISE - MULTIPLE TRANSACTIONS (CONT'D)

BTMBP had on 23 November 2020 awarded the engineering, procurement, construction and commissioning ("EPCC") works in relation to the development of the Biomass Power Plant to Samaiden Sdn Bhd for a total contract sum of RM115.60 million. The construction cost for the Biomass Power Plant will be partly financed via a bank borrowing facility of RM92.48 million granted by MBSB Bank Berhad ("MBSB") on 27 April 2021, which has yet to be drawdown to-date, and the remaining balance cost of RM23.12 million will be funded via proceeds to be raised from the Rights Issue with Warrants-C.

In relation to the Lease of Teluk Kalong Land, BTMBP and Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") had on 12 December 2021 entered into a lease agreement for the lease of 20 acres (Phase 1) of the Teluk Kalong Land for cash consideration of RM3,965,919.

On 20 January 2022, BTMBP had entered into a conditional sublease agreement with SPPT in respect of the assignment of all SPPT's rights, interest and title in and to the Plantation Lands to BTMBP for a total sublease consideration of RM24,700,000 payable upfront in cash in relation to the Sublease.

The Sublease will allow BTMBP to undertake a plantation program to establish fast growing Acacia mangium plantations. The Acacia mangium is suitable as raw material to produce fuel woods to be utilised as raw materials to generate electricity from the Biomass Power Plant. The proposed plantation program will ensure adequate supply of raw materials to sustain the Biomass Power Plant throughout the FiT concession period of 21 years for supply of electricity to TNB under the REPPA.

2. BASIS OF PREPARATION

2.1 The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2021 for which the directors of BTM are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2021 had the multiple transactions except for the Lease of Teluk Kalong Land and LTIP as described in Note 1 been effected on that date.

The effects of the Lease of Teluk Kalong Land have not been illustrated as the whole transactions have not been fully finalised and sources of funding the transactions have not been determined.

The effects of the LTIP are not illustrated as its potential effect in the future would depend on factors such as the actual number of new ordinary shares in BTM to be issued which can only be determined at the point of vesting of the shares granted under the ESGS and/or the exercise of the share options and their exercise price under the ESOS.

2.2 The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2021 have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2021, which have been prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)BTM RESOURCES BERHAD [100401018283 (303962-T)]
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)****2. BASIS OF PREPARATION (CONT'D)**

2.3 The audited consolidated financial statements of BTM for the financial year ended 31 December 2021 were reported by the auditors to the members of BTM on 25 April 2022 without any modification.

2.4 The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2021 incorporated effects for transactions which although not contractually binding and for which the outcome is uncertain and cannot be ascertained, are required to be shown as pro forma adjustments in accordance with paragraph 5.15 of Chapter 5, Pro forma Financial Information under Part II Contents of Prospectus, Division 5 Abridged Prospectus of the Prospectus Guidelines issued by the Securities Commission Malaysia.

3. RIGHTS ISSUE WITH WARRANTS-C UNDER MINIMUM SCENARIO AND MAXIMUM SCENARIO

For illustrative purposes, the Rights Issue with Warrants-C will be undertaken under the following parameters to raise gross proceeds of RM62.00 million under the Minimum Scenario and gross proceeds of up to RM94.71 million under the Maximum Scenario: -

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
Issue price per Rights Share	RM0.08	
Exercise price per Warrant-C convertible into one new ordinary share in BTM ("BTM Share")	RM0.10	
Entitlement basis	6 Rights Shares for every 1 BTM Share held on entitlement date; and 1 Warrant-C for every 3 Rights Shares subscribed	
Number of Rights Shares to be issued	775,000,000	1,183,929,204
Number of Warrants-C to be issued	258,333,333	394,643,068
Intended utilisation of gross proceeds: -	RM'000	RM'000
Payment for sublease consideration under Sublease	24,700	24,700
Planting cost at Plantation Lands	4,300	21,150
Construction cost of Biomass Power Plant	23,120	23,120
Repayment to a director	6,280	8,213
Working capital requirements	1,100	15,031
Estimated expenses for the corporate exercise	2,500	2,500
Total gross proceeds	<u>62,000</u>	<u>94,714</u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)**

4. PRO FORMA EFFECTS - MINIMUM SCENARIO

Based on the minimum subscription level of 775,000,000 Rights Shares together with 258,333,333 Warrants-C under the Rights Issue with Warrants-C and assuming none of the existing 26,295,146 outstanding warrants 2014/2024 ("Warrants-B") of BTM are exercised prior to the implementation of the Rights Issue with Warrants-C.

4.1 [Pro Forma I]

Pro Forma I incorporates the effects of the Rights Issue with Warrants-C together with the intended utilisation of its proceeds.

The minimum subscription of 775,000,000 Rights Shares will raise cash proceeds of RM62,000,000 which are intended to be utilised for purposes as described in Note 3 under Minimum Scenario.

The issuance of 258,333,333 Warrants-C will result in the recognition of a warrant reserve of RM25,833,333 from the proceeds of the Rights Issue with Warrants-C. The warrant reserve represents the estimated fair value of the Warrants-C at RM0.10 per Warrant-C determined using Black-Scholes pricing model based on the following input data: -

- (a) Fair value of share: RM0.1173
- (b) Warrant exercise price: RM0.10
- (c) Warrant exercise period: 5 years commencing from date of issuance until date of expiry
- (d) Risk free interest rate: 3.90% per annum
- (e) Volatility of share price: 97.463%

The Sublease will result in the recognition of right-of-use assets in respect of the Plantation Lands while the planting cost at the Plantation Lands are recognised as biological assets.

The bank borrowing facility of RM92.48 million granted by MBSB is assumed to be fully drawdown to part-finance the completion of the construction of the Biomass Power Plant on Phase 1 of the Teluk Kalong Land, capitalised under property, plant and equipment.

The cash proceeds to be utilised for working capital requirements are assumed to be retained as cash and bank balances.

The estimated expenses of RM2,500,000 to be incurred for the corporate exercise are charged to accumulated losses.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)BTM RESOURCES BERHAD [100401018283 (303962-T)]
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)****4.2 [Pro Forma II]**

Pro Forma II incorporates the effects of Pro Forma I and the assumed full exercise of 35,125,209 outstanding Warrants-B at the exercise price of RM0.16 per Warrant-B (with both outstanding number and exercise price of existing Warrants-B having been adjusted for the Rights Issue with Warrants-C in accordance with the provisions of the Deed Poll dated 12 September 2014 for Warrants-B) and the full exercise of 258,333,333 Warrants-C. The full exercise of Warrants-B and Warrants-C will result in the issuance of additional 35,125,209 and 258,333,333 new BTM Shares respectively. The cash proceeds to be raised from the exercise of Warrants-B and Warrants-C amounting to RM5,620,033 and RM25,833,333 respectively are assumed retained as cash and bank balances. The whole warrant reserves will be transferred to share capital upon the full exercise of both Warrants-B and Warrants-C.

4.3 Summary of Pro Forma Effects**(a) Effects on Share Capital**

	No. of Ordinary Shares '000	Amount RM'000
Audited as at 31.12.2021	171,026	34,129
Increase pursuant to Rights Issue with Warrants-C	<u>775,000</u>	<u>36,167</u>
Pro Forma I	946,026	70,296
Increase upon full exercise of Warrants-B (1)	35,125	9,222
Increase upon full exercise of Warrants-C	<u>258,333</u>	<u>51,666</u>
Pro Forma II	<u><u>1,239,484</u></u>	<u><u>131,184</u></u>

*(1) After adjustment for Rights Issue with Warrants-C***(b) Effects on Warrant Reserves**

	RM'000
Audited as at 31.12.2021	3,602
Arising from fair value of Warrants-C issued pursuant to Rights Issue with Warrants-C	<u>25,833</u>
Pro Forma I	29,435
Amount transferred to share capital upon full exercise of Warrants-B	(3,602)
Amount transferred to share capital upon full exercise of Warrants-C	<u>(25,833)</u>
Pro Forma II	<u><u>-</u></u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)**

4.3 Summary of Pro Forma Effects (Cont'd)

(c) Effects on Accumulated Losses

	RM'000
Audited as at 31.12.2021	(39,822)
Expenses for the corporate exercise	(2,500)
Pro Forma I and Pro Forma II	<u>(42,322)</u>

(d) Effects on Property, Plant and Equipment

	RM'000
Audited as at 31.12.2021	28,773
Increase upon completion of construction of Biomass Power Plant	115,600
Pro Forma I and Pro Forma II	<u>144,373</u>

(e) Effects on Right-Of-Use Assets

	RM'000
Audited as at 31.12.2021	1,300
Increase from Plantation Lands pursuant to Sublease	24,700
Pro Forma I and Pro Forma II	<u>26,000</u>

(f) Effects on Biological Assets

	RM'000
Audited as at 31.12.2021	-
Arising from planting cost on Plantation Lands	4,300
Pro Forma I and Pro Forma II	<u>4,300</u>

(g) Effects on Cash and Bank Balances

	RM'000
Audited as at 31.12.2021	934
Increase pursuant to Rights Issue with Warrants-C	62,000
Utilised as payment for sublease consideration under Sublease	(24,700)
Utilised for planting cost at Plantation Lands	(4,300)
Utilised for construction cost of Biomass Power Plant	(23,120)
Utilised for repayment to a director	(6,280)
Utilised for payment of estimated expenses for the corporate exercise	(2,500)
Pro Forma I	2,034
Increase upon full exercise of Warrants-B	5,620
Increase upon full exercise of Warrants-C	25,833
Pro Forma II	<u>33,487</u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)**

4.3 Summary of Pro Forma Effects (Cont'd)

(h) Effects on Amount Due to Directors

	RM'000
Audited as at 31.12.2021	8,626
Repayment by proceeds from Rights Issue with Warrants-C	<u>(6,280)</u>
Pro Forma I and Pro Forma II	<u>2,346</u>

(i) Effects on Term Loan (Non-Current)

	RM'000
Audited as at 31.12.2021	-
Drawdown of loan to finance construction of Biomass Power Plant	<u>92,480</u>
Pro Forma I and Pro Forma II	<u>92,480</u>

5. PRO FORMA EFFECTS - MAXIMUM SCENARIO

Based on the maximum subscription level of 1,183,929,204 Rights Shares together with 394,643,068 Warrants-C under the Rights Issue with Warrants-C after assuming all the existing 26,295,146 outstanding Warrants-B of BTM exercisable into 26,295,146 new BTM Shares are exercised in full prior to the implementation of the Rights Issue with Warrants-C.

5.1 [Pro Forma I]

Pro Forma I incorporates the effects of the assumed full exercise of the existing 26,295,146 outstanding Warrants-B at the exercise price of RM0.20 per Warrant-B into 26,295,146 new BTM Shares. The existing warrant reserve attributable to Warrants-B will be transferred to share capital.

5.2 [Pro Forma II]

Pro Forma II incorporates the effects of Pro Forma I and the Rights Issue with Warrants-C together with the intended utilisation of its proceeds.

The maximum subscription of 1,183,929,204 Rights Shares will raise cash proceeds of RM94,714,336 which are intended to be utilised for the purposes as described in Note 3 under Maximum Scenario.

The issuance of 394,643,068 Warrants-C will result in the recognition of a warrant reserve of RM39,464,307 from the proceeds of the Rights Issue with Warrants-C. The warrant reserve represents the estimated fair value of the Warrants-C at RM0.10 per Warrant-C determined using Black-Scholes pricing model as described in Note 4.1.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)BTM RESOURCES BERHAD [100401018283 (303962-T)]
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)****5.2 [Pro Forma II] (Cont'd)**

The Sublease will result in the recognition of right-of-use assets in respect of the Plantation Lands while the planting cost at the Plantation Lands are recognised as biological assets.

The bank borrowing facility of RM92.48 million granted by MBSB is assumed to be fully drawdown to part-finance the completion of the construction of the Biomass Power Plant on Phase 1 of the Teluk Kalong Land, capitalised under property, plant and equipment.

The cash proceeds to be utilised for working capital requirements are assumed to be retained as cash and bank balances.

The estimated expenses of RM2,500,000 to be incurred for the corporate exercise are charged to accumulated losses.

5.3 [Pro Forma III]

Pro Forma III incorporates the effects of Pro Forma II and the assumed full exercise of 394,643,068 Warrants-C. The full exercise of the Warrants-C will result in the issuance of additional 394,643,068 new BTM Shares and will raise cash proceeds of RM39,464,307 which are assumed retained as cash and bank balances. The warrant reserve attributable to Warrants-C will be transferred to share capital.

5.4 Summary of Pro Forma Effects**(a) Effects on Share Capital**

	No. of Ordinary Shares '000	Amount RM'000
Audited as at 31.12.2021	171,026	34,129
Increase upon full exercise of Warrants-B	26,295	8,861
Pro Forma I	197,321	42,990
Increase pursuant to Rights Issue with Warrants-C	1,183,929	55,250
Pro Forma II	1,381,250	98,240
Increase upon full exercise of Warrants-C	394,643	78,929
Pro Forma III	1,775,893	177,169

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

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**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)**

5.4 Summary of Pro Forma Effects (Cont'd)

(b) Effects on Warrant Reserves

	RM'000
Audited as at 31.12.2021	3,602
Amount transferred to share capital upon full exercise of Warrants-B	<u>(3,602)</u>
Pro Forma I	-
Arising from fair value of Warrants-C issued pursuant to Rights Issue with Warrants-C	<u>39,464</u>
Pro Forma II	39,464
Amount transferred to share capital upon full exercise of Warrants-C	<u>(39,464)</u>
Pro Forma III	<u>-</u>

(c) Effects on Accumulated Losses

	RM'000
Audited as at 31.12.2021 and after Pro Forma I	(39,822)
Expenses for the corporate exercise	<u>(2,500)</u>
Pro Forma II and Pro Forma III	<u>(42,322)</u>

(d) Effects on Property, Plant and Equipment

	RM'000
Audited as at 31.12.2021 and after Pro Forma I	28,773
Increase upon completion of construction of Biomass Power Plant	<u>115,600</u>
Pro Forma II and Pro Forma III	<u>144,373</u>

(e) Effects on Right-Of-Use Assets

	RM'000
Audited as at 31.12.2021 and after Pro Forma I	1,300
Increase from Plantation Lands pursuant to Sublease	<u>24,700</u>
Pro Forma II and Pro Forma III	<u>26,000</u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

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**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)**

5.4 Summary of Pro Forma Effects (Cont'd)

(f) Effects on Biological Assets

	RM'000
Audited as at 31.12.2021 and after Pro Forma I	-
Arising from planting cost on Plantation Lands	21,150
Pro Forma II and Pro Forma III	21,150

(g) Effects on Cash and Bank Balances

	RM'000
Audited as at 31.12.2021	934
Increase upon full exercise of Warrants-B	5,259
Pro Forma I	6,193
Increase pursuant to Rights Issue with Warrants-C	94,714
Utilised as payment for sublease consideration under Sublease	(24,700)
Utilised for planting cost at Plantation Lands	(21,150)
Utilised for construction cost of Biomass Power Plant	(23,120)
Utilised for repayment to a director	(8,213)
Utilised for payment of estimated expenses for the corporate exercise	(2,500)
Pro Forma II	21,224
Increase upon full exercise of Warrants-C	39,465
Pro Forma III	60,689

(h) Effects on Amount Due to Directors

	RM'000
Audited as at 31.12.2021 and after Pro Forma I	8,626
Repayment by proceeds from Rights Issue with Warrants-C	(8,213)
Pro Forma II and Pro Forma III	413

(i) Effects on Term Loan (Non-Current)

	RM'000
Audited as at 31.12.2021 and after Pro Forma I	-
Drawdown of loan to finance construction of Biomass Power Plant	92,480
Pro Forma II and Pro Forma III	92,480

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

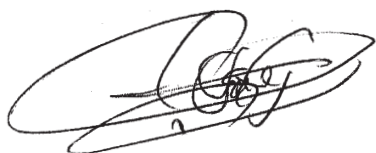
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position as at 31 December 2021 and the accompanying notes were approved and adopted by the Board of Directors of BTM Resources Berhad in accordance with a resolution dated **29 NOV 2022**



DATO' SERI YONG TU SANG
Managing Director