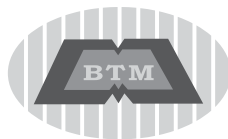


**THIS CIRCULAR IS IMPORTANT AND REQUIRES SHAREHOLDERS' IMMEDIATE ATTENTION.**

**If shareholders are in any doubt as to the action to be taken, they should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, valuation certificate and report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**BTM RESOURCES BERHAD**  
[Registration No. 199401018283 (303962-T)]  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PART A**

- (I) **PROPOSED DISPOSAL BY BTM BIOMASS PRODUCTS SDN BHD ("BTMBP"), A WHOLLY-OWNED SUBSIDIARY OF BTM RESOURCES BERHAD ("BTM" OR "COMPANY") OF A SINGLE-STOREY WOOD PELLET MANUFACTURING FACTORY BUILDING WITH A GROSS FLOOR AREA OF 7,520.87 SQUARE METRES, ERECTED ON THE LAND ("FACTORY BUILDING") TO GIMZAN PLYWOOD SDN BHD ("GIMZAN") FOR A TOTAL CONSIDERATION OF RM4.00 MILLION PAYABLE BY GIMZAN TO BTMBP WHICH WILL BE SET-OFF AGAINST THE SETTLEMENT SUM DUE TO GIMZAN PURSUANT TO THE TERMS OF THE SALE AND PURCHASE AGREEMENT DATED 12 SEPTEMBER 2025 ("SPA") ("PROPOSED FACTORY BUILDING DISPOSAL");**
- (II) **PROPOSED DISPOSAL BY BTMBP OF THE PLANT, MACHINERY AND EQUIPMENT WHICH ARE INSTALLED AND EQUIPPED WITHIN THE FACTORY BUILDING ("PME") TO GIMZAN FOR A TOTAL CONSIDERATION OF RM0.50 MILLION PAYABLE BY GIMZAN TO BTMBP WHICH WILL BE SET-OFF AGAINST THE SETTLEMENT SUM DUE TO GIMZAN PURSUANT TO THE TERMS OF THE SPA ("PROPOSED PME DISPOSAL");**
- (III) **PROPOSED VARIATION OF THE UTILISATION OF PROCEEDS RAISED FROM THE RIGHTS ISSUE WHICH WAS COMPLETED ON 16 JANUARY 2023 ("RIGHTS ISSUE") ("PROPOSED VARIATION"); AND**
- (IV) **PROPOSED REDUCTION OF RM80,000,000 OF THE ISSUED SHARE CAPITAL OF BTM PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED SHARE CAPITAL REDUCTION")**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

**PART B**

**INDEPENDENT ADVICE LETTER TO NON-INTERESTED SHAREHOLDERS OF BTM IN RELATION TO THE PROPOSED FACTORY BUILDING DISPOSAL AND PROPOSED PME DISPOSAL**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser for Part A*

**TA SECURITIES**  
AN UNWAVERING COMMITMENT  
**TA SECURITIES HOLDINGS BERHAD**  
(Registration No.: 197301001467 (14948-M))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Independent Adviser for Part B*

**DWA**  
**advisory**  
**DWA ADVISORY SDN BHD**  
(Registration No. 201301002419 (1032257-D))

The Notice of Extraordinary General Meeting ("EGM") of the Company together with the Form of Proxy are enclosed in this Circular. The details of the EGM are as follows:

Venue of the EGM	:	Andaman 1, Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan
Date and time of the EGM	:	Friday, 6 February 2026 at 11:00 a.m. or at any adjournment thereof
Last date and time for lodging the Form of Proxy	:	Wednesday, 4 February 2026 at 11:00 a.m.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies (where applicable) to participate and vote on your behalf. The completed Form of Proxy must be deposited with the Share Registrar of the Company, Sectrars Management Sdn Bhd at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than 48 hours before the time set for holding the EGM or at any adjournment thereof.

The Form of Proxy once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 12 January 2026

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**DEFINITIONS**

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

**COMPANIES:**

“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“BTMBP” or “Vendor”	:	BTM Biomass Products Sdn Bhd, a wholly-owned subsidiary of BTM
“BTM” or “Company”	:	BTM Resources Berhad
“DWA Advisory” or “Independent Adviser”	:	DWA Advisory Sdn Bhd
“Gimzan” or “Purchaser”	:	Gimzan Plywood Sdn Bhd
“MMSB”	:	Modern Mode Sdn Bhd
“PA International” or “Valuer”	:	PA International Property Consultants (KL) Sdn Bhd
“TA Securities” or “Adviser”	:	TA Securities Holdings Berhad
“BTM Land”	:	BTM Land Sdn Bhd, a wholly-owned subsidiary of BTM
“SSB”	:	Samaiden Sdn Bhd, a wholly-owned subsidiary of Samaiden Group Berhad
“TNB”	:	Tenaga Nasional Berhad

**GENERAL:**

“5D-VWAP”	:	5-day volume weighted average market price
“18M-FPE”	:	18-month financial period ended
“1 <sup>st</sup> Feed-in Approval”	:	The Feed-in Approval dated 1 July 2020 granted by SEDA to BTMBP pursuant to the Renewable Energy Act 2011, to finance, design, supply, build, own, operate and maintain a renewable electrical energy power plant with a capacity to supply 10MW per hour of electricity to TNB at a fixed tariff rate of RM0.3486 per KWh under FiT system for a period of 21 years
“1 <sup>st</sup> Variation”	:	The variation of RM0.72 million of the Rights Issue Proceeds
“2 <sup>nd</sup> Feed-in Approval”	:	The Feed-in Approval dated 31 May 2022 granted by SEDA to BTM Land pursuant to the Renewable Energy Act 2011, to finance, design, supply, build, own, operate and maintain a renewable electrical energy power plant with a capacity to supply 7MW per hour of electricity to TNB at a fixed tariff rate of RM0.3383 per KWh under FiT system for a period of 21 years
“2 <sup>nd</sup> Variation”	:	The variation of RM4.80 million of the Rights Issue Proceeds which was approved by the Board on 9 September 2024 and announced by the Company on even date
“Act”	:	Companies Act 2016
“Biomass Power Plant”	:	10MW and 7MW biomass renewable electrical power plant, respectively and related facilities to be constructed on the Teluk Kalong Land

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**DEFINITIONS (CONT'D)**

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“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of the Company
“BTM Group” or “Group”	:	Collectively, the Company and subsidiaries
“BTM Shares” or “Shares”	:	Ordinary shares in BTM
“Certificate of Valuation”	:	Certificate of Valuation for the Factory Building dated 12 September 2025 as prepared by PA International
“Circular”	:	This circular to the shareholders of the Company dated 12 January 2026 in relation to the Proposals
“CLT”	:	Cross laminated timber
“Cost Approach”	:	The Cost/Replacement Cost Method pursuant to the Asset Valuation Guidelines issued by the Securities Commission Malaysia
“Dato’ Seri Yong” or “Interested Director” or “Interested Major Shareholder”	:	Dato’ Seri Yong Tu Sang
“Director(s)”	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in subsection 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon (i) a director of the listed issuer, its subsidiary or holding company; and (ii) a chief executive of the listed issuer, its subsidiary or holding company
“Disposals Consideration”	:	A total consideration of RM4.50 million payable by Gimzan to BTMBP for the Proposed Disposals which will be set-off against the Settlement Sum
“EGM”	:	Extraordinary general meeting
“EPCC Agreement”	:	EPCC agreement dated 23 March 2022 between BTMBP and SSB for the appointment of SSB as the contractor for the design, supply, delivery, installation, testing and commissioning of the Biomass Power Plant on the Teluk Kalong Land
“EPCC LOA”	:	Letter of award dated 23 November 2020 between BTMBP and SSB for the appointment of SSB as the contractor for EPCC works in relation to the Biomass Power Plant at the Teluk Kalong Land for a contract sum of RM115.60 million
“EPCC”	:	Engineering, Procurement, Construction and Commissioning
“EPS”	:	Earnings per Share
“ESG”	:	Environmental, social and governance
“Factory Building Disposal Consideration”	:	A total consideration of RM4.00 million payable by Gimzan to BTMBP for the Proposed Factory Building Disposal which will be set-off against the Settlement Sum
“Factory Building”	:	A single-storey wood pellet manufacturing factory building with a gross floor area of 7,520.87 square metres, erected on the Land

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**DEFINITIONS (*CONT'D*)**

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“Feed-in Approval”	:	The approval granted by SEDA pursuant to the Renewable Energy Act 2011, which entitles a FiT holder to sell renewable energy to a distribution licensee at a fixed tariff rate under the FiT system for a specified duration
“FiT”	:	Feed-in Tariff
“FPE”	:	Financial period ended/ending, as the case may be
“FYE”	:	Financial year ended/ending, as the case may be
“GDP”	:	Gross Domestic Product
“KWh”	:	Kilowatt hours
“Land”	:	A parcel of leasehold industrial land for 60 years expiring on 17 December 2056 held under Title No. PN3936, Lot 12373, locality of Kawasan Perindustrian Wakaf Tapai, Mukim of Bukit Payung, District of Marang, Terengganu, measuring approximately 307,600 square metres (approximately 76.01 acres) in area and bearing a postal address of Lot 12373, Jalan Kuala Berang, Wakaf Tapai, 21040 Marang, Terengganu
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Letter of Mutual Termination”	:	A letter of mutual termination dated 16 May 2025 between BTMBP and SSB to mutually terminate the EPCC LOA
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“Local Authority”	:	The relevant municipal council, district council, or city council established under the Local Government Act 1976, or any other applicable legislation, having jurisdiction over planning, development and building approvals in respect of the Land
“LPD”	:	24 December 2025, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per Share
“LTIP”	:	Long-Term Incentive Plan
“Major Shareholder(s)”	:	Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer as defined under Paragraph 1.01 of the Listing Requirements (as set out below) or any other corporation which is its subsidiary or holding company.

Pursuant to Paragraph 1.01 of the Listing Requirements, a major shareholder is a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is 10% or more of the total number of voting shares in the corporation; or 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in section 8 of the Act

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**DEFINITIONS (CONT'D)**

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“Management”	:	The management of BTM
“Maximum Scenario”	:	Assuming the full exercise of outstanding Warrants C Options
“MEF”	:	Malaysian Employers Federation
“Minimum Scenario”	:	Assuming none of the outstanding Warrants C are exercised and issued prior to the implementation of the Proposed Share Capital Reduction
“MW”	:	Mega Watt
“NA”	:	Net assets attributable to the owners of the Company
“NBV”	:	Net book value
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Plantation Lands”	:	Plantation lands measuring approximately 2,255.33 hectares (5,572.912 acres) located in Kemaman, Terengganu intended for a timber plantation to grow fast growing <i>Acacia mangium</i> trees
“PME Disposal Consideration”	:	A total consideration of RM0.50 million payable by Gimzan to BTMBP for the Proposed PME Disposal which will be set-off against the Settlement Sum
“PME”	:	The plant, machinery and equipment which are installed and equipped within the Factory Building
“PMINT”	:	Perbadanan Memajukan Iktisad Negeri Terengganu
“Proposed Disposals”	:	Proposed Factory Building Disposal and Proposed PME Disposal, collectively
“Proposed Factory Building Disposal”	:	Proposed disposal by BTMBP of the Factory Building to Gimzan for the Factory Building Disposal Consideration pursuant to the terms of the SPA
“Proposed PME Disposal”	:	Proposed disposal by BTMBP of the PME to Gimzan for the PME Disposal Consideration pursuant to the terms of the SPA
“Proposed Share Capital Reduction”	:	Proposed reduction of RM80,000,000 of the issued share capital of BTM pursuant to Section 117 of the Act
“Proposed Variation”	:	Proposed variation of the utilisation of proceeds raised from the Rights Issue
“REPPA”	:	Renewable energy power purchase agreement
“Rights Issue Proceeds”	:	Proceeds of RM73.73 million raised under the Rights Issue
“Rights Issue”	:	A rights issue of 921,571,130 new Shares at an issue price of RM0.08 each together with 307,190,331 Warrants C in accordance with the deed poll dated 25 November 2022, which raised total proceeds of approximately RM73.73 million and was completed on 16 January 2023
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SEDA”	:	Sustainable Energy Development Authority Malaysia

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**DEFINITIONS (CONT'D)**

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“Settlement Sum”	:	A sum due and payable by BTMBP to Gimzan amounting to RM4.50 million as at the LPD
“Shareholders”	:	Shareholders of BTM
“SPA”	:	The sale and purchase agreement dated 12 September 2025 entered into between BTMBP and Gimzan in relation to the Proposed Disposals
“Sublease Agreement”	:	The sublease agreement dated 20 January 2022 entered into between SPPT Development Sdn Bhd and BTMBP in respect of the sublease of the Plantation Lands with sublease consideration of RM24.70 million from 20 January 2022 for a period of approximately 63 years expiring on 30 December 2084
“Teluk Kalong Land”	:	A piece of vacant leasehold industrial land measuring a total of 80 acres (323,748.514 square meters) in area within the vicinity of Lot 153-C, Teluk Kalong in the Mukim of Hulu Cukai, District of Kemaman, Terengganu
“Tenancy Agreement”	:	Tenancy agreement dated 14 May 2015 entered into between BTMBP and Gimzan for the rental of part of the Land which was erected with the Factory Building for a principal term of 3 years from 14 May 2015 to 13 May 2018, and subsequently extended via letters of extension dated 13 February 2018, 12 February 2021, 23 April 2024, 14 May 2025 and 3 November 2025, with the latest term expiring on 13 February 2026 unless terminated earlier in accordance with its terms
“USD”	:	United States of America Dollars
“Valuation Report”	:	Valuation report for the Factory Building dated 12 September 2025 as prepared by PA International
“Warrants C”	:	307,190,331 outstanding warrants 2023/2028 of the Company as constituted by the deed poll dated 25 November 2022, which will expire on 9 January 2028

All references to “the Company” in this Circular are to BTM, references to “the Group” are to the Company and its subsidiaries. All references to “you” in this Circular are to the shareholders of the Company.

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. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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<p><b>PART A</b></p> <p><b>LETTER TO THE SHAREHOLDERS OF BTM IN RELATION TO THE PROPOSALS</b></p>
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## EXECUTIVE SUMMARY

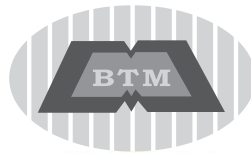
**THIS EXECUTIVE SUMMARY SETS OUT SALIENT INFORMATION ON THE PROPOSALS. PLEASE READ THIS CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS BEFORE VOTING.**

The Board (save for the Interested Director) recommends that Shareholders to vote **in favour** of the following resolutions in relation to the Proposals to be tabled at the forthcoming EGM:

PROPOSED DISPOSALS																	
Details	<p>On 12 September 2025, BTMBP had entered into the SPA with Gimzan for the Proposed Disposals.</p> <p>The Proposed Disposals entail the disposal of the Factory Building and the PME by the Vendor to the Purchaser on an “as is where is” basis, free from all liens, charges and encumbrances (including caveats) but otherwise subject to all conditions and restrictions whether express or implied in the document of title to the Factory Building and to the existing category of land use, subject to the terms and conditions contained in the SPA.</p> <p>Please refer to <b>Section 2</b> of Part A of this Circular for further details.</p>																
Information of the settlement sum	<p>As at the LPD, BTMBP has been receiving financial support amounting to RM4.50 million from MMSB in the form of cash advances commencing from April 2024 until May 2024.</p> <p>The breakdown of the advances from MMSB to BTMBP is detailed as follows:</p> <table><tr><th>Date of transaction</th><th>Advances to BTMBP (A) RM</th><th>Repayment (B) RM</th></tr><tr><td>24 April 2024</td><td>3,000,000</td><td>-</td></tr><tr><td>25 April 2024</td><td>-</td><td>(500,000)</td></tr><tr><td>3 May 2024</td><td>2,000,000</td><td>-</td></tr><tr><td>(A) - (B) =</td><td></td><td>4,500,000</td></tr></table> <p>Please refer to <b>Section 2.11</b> of Part A of this Circular for further details.</p>		Date of transaction	Advances to BTMBP (A) RM	Repayment (B) RM	24 April 2024	3,000,000	-	25 April 2024	-	(500,000)	3 May 2024	2,000,000	-	(A) - (B) =		4,500,000
Date of transaction	Advances to BTMBP (A) RM	Repayment (B) RM															
24 April 2024	3,000,000	-															
25 April 2024	-	(500,000)															
3 May 2024	2,000,000	-															
(A) - (B) =		4,500,000															
Rationale	<ul style="list-style-type: none"><li>The Board (save for the Interested Director) believes that the Proposed Disposals present a valuable opportunity for BTM Group to dispose the Factory Building and the PME at the Disposals Consideration. By selling the Factory Building as well as the PME, BTM Group can monetise its investments on the Factory Building as well as the PME (which are presently used for its wood pellet manufacturing business) via the settlement of the Settlement Sum.</li><li>The Proposed Disposals are part of the Group’s strategic initiative to scale down and subsequently exit its wood pellet manufacturing business, which had been affected by operational inefficiencies, escalating raw material costs, and limited long-term commercial viability in view of the growing unfavourable outlook of the wood biomass industry.</li><li>Further, the settlement of the Settlement Sum not only improves the Group’s financial position by reducing outstanding obligations and strengthening its balance sheet, it also preserving the Group’s cash reserves for its other existing businesses of sawmilling and trading of sawn timber, plywood and logs.</li></ul> <p>Please refer to <b>Section 5.1</b> of Part A of this Circular for further details.</p>																
Utilisation of proceeds	<p>The Disposals Consideration of RM4.50 million will be used for the settlement of the Settlement Sum of RM4.50 million by way of set-off against the Disposals Consideration.</p> <p>Please refer to <b>Section 2.13</b> of Part A of this Circular for further details.</p>																

## SUMMARY AND COMMENTARIES ON THE FINANCIAL INFORMATION OF THE GROUP

<b>Risk factors</b>	<p>The risks associated with the Proposed Disposals are (i) risk of non-completion of the Proposed Disposals due to non-fulfilment of conditions precedent and/or non-compliance with the terms and conditions of the SPA; and (ii) if compulsory acquisition of the Factory Building by the Malaysian government takes place prior to completion of the Proposed Disposals and Gimzan elects to terminate the SPA, the compensation from the compulsory acquisition could be lower than the Disposals Consideration.</p> <p>Please refer to <b>Section 2.14</b> of Part A of this Circular for further details.</p>
<b>PROPOSED VARIATION</b>	
<b>Details</b>	<p>The Company intends to re-allocate up to approximately RM19.59 million of the unutilised proceeds raised from the Rights Issue pursuant to the Proposed Variation.</p> <p>Please refer to <b>Section 3</b> of Part A of this Circular for further details.</p>
<b>Rationale</b>	<p>The Board proposes to vary the utilisation of the unutilised proceeds from the Rights Issue, whereby BTM Group plans to allocate up to RM7.59 million of these unutilised proceeds towards meeting its working capital needs, while up to RM12.00 million will be allocated for the potential acquisition of new businesses, assets, or investments.</p> <p>Please refer to <b>Section 5.2</b> of Part A of this Circular for further details.</p>
<b>Effects of the Proposed Variation</b>	<p>The Proposed Variation will not have any effect on the issued share capital, substantial shareholders' shareholding, net assets and earnings per share of the Group. The Proposed Variation is expected to contribute positively to the future earnings of the Group as and when the benefits of the revised utilisation of the Rights Issue Proceeds are realised.</p> <p>Please refer to <b>Section 7</b> of Part A of this Circular for further details.</p>
<b>Approvals required</b>	<p>The Proposed Variation is subject to approval from the Shareholders at an EGM to be convened.</p> <p>Please refer to <b>Section 9</b> of Part A of this Circular for further details.</p>
<b>PROPOSED SHARE CAPITAL REDUCTION</b>	
<b>Details</b>	<p>The Company proposes to reduce its issued share capital pursuant to Section 117 of the Act via the cancellation of the Company's issued share capital of RM80 million which will be used to set-off against the accumulated losses of the Company.</p> <p>Please refer to <b>Section 4</b> of Part A of this Circular for further details.</p>
<b>Rationale</b>	<p>The Proposed Share Capital Reduction will enable the Company and the Group to rationalise their financial positions by eliminating the accumulated losses and to appropriately reflect the value of the underlying assets and the financial position of the Company and the Group, which is expected to enhance the credibility of the Group with the bankers, customers, suppliers, investors and other stakeholders. In addition, it will enhance the Company's ability to declare and pay dividends out of the retained earnings in the future, as and when appropriate, when the Company returns to profitability.</p> <p>Please refer to <b>Section 5.3</b> of Part A of this Circular for further details.</p>



**BTM RESOURCES BERHAD**  
[Registration No. 199401018283 (303962-T)]  
(Incorporated in Malaysia)

**Registered Office:**  
Level 13, Menara 1 Sentrum  
201, Jalan Tun Sambanthan  
Brickfields, 50470 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

12 January 2026

**Board of Directors**

Dato' Seri Yong Tu Sang (*Managing Director*)  
Datuk Yap Wai Hong (*Executive Director*)  
Tan Boon Pock (*Executive Director*)  
Lee Yoon Seong (*Independent Non-Executive Director*)  
Goh Siow Cheng (*Independent Non-Executive Director*)  
Chan Fook Mun (*Independent Non-Executive Director*)

**To: The Shareholders**

Dear Shareholders,

- (I) **PROPOSED FACTORY BUILDING DISPOSAL;**
- (II) **PROPOSED PME DISPOSAL;**
- (III) **PROPOSED VARIATION; AND**
- (IV) **PROPOSED SHARE CAPITAL REDUCTION,**

**(COLLECTIVELY, THE “PROPOSALS”)**

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**1. INTRODUCTION**

On 12 September 2025, TA Securities announced on behalf of the Board that the Company proposed to undertake the Proposed Disposals and Proposed Variation.

On 19 September 2025, TA Securities announced on behalf of the Board the additional information in relation to the Proposed Disposals.

On 11 November 2025, TA Securities announced on behalf of the Board that the Company proposed to undertake the Proposed Share Capital Reduction.

Further details of the Proposals are set out in the ensuing sections of Part A of this Circular.

In view of the interests of the related parties as set out in **Section 13** of Part A of this Circular, the Proposed Disposals are deemed related party transactions pursuant to Paragraph 10.08(2) of the Listing Requirements. Accordingly, DWA Advisory has been appointed as the Independent Adviser to advise the non-interested Shareholders in relation to the Proposed Disposals on whether the Proposed Disposals are fair and reasonable and whether the transactions are to the detriment of the non-interested Shareholders. The IAL from the Independent Adviser in relation to the Proposed Disposals is set out in Part B of this Circular.

**THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS WITH DETAILS ON THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION AND TO SEEK SHAREHOLDERS APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED DISPOSALS**

On 12 September 2025, BTMBP had entered into the SPA with Gimzan for the Proposed Disposals.

The Proposed Disposals entail the disposal of the Factory Building and the PME by the Vendor to the Purchaser on an “as is where is” basis, free from all liens, charges and encumbrances (including caveats) but otherwise subject to all conditions and restrictions whether express or implied in the document of title to the Factory Building and to the existing category of land use, subject to the terms and conditions contained in the SPA.

Please refer to **Appendix I** of this Circular for the salient terms of the SPA.

### **2.1 Information on the Factory Building**

The Factory Building is situated to the east of an on-going residential development known as “Taman Puncak Temala”, within the locality of Kawasan Perindustrian Wakaf Tapai, off Jalan Kuala Berang, Marang, Terengganu Darul Iman, bearing postal address of Lot 12373, Kawasan Perindustrian Wakaf Tapai, 21040 Marang, Terengganu Darul Iman.

The Factory Building bears direct frontage onto an unnamed road within the locality of Kawasan Perindustrian Wakaf Tapai. The latter is located approximately 30 kilometres due the south-west of the Kuala Terengganu city centre and approximately 12 kilometres to the north-east of the Hulu Terengganu District Council.

The Factory Building is well-positioned off Jalan Kuala Berang (T3), providing seamless connectivity to key destinations such as Kuala Terengganu, Ajil (about 3 kilometres due west), and Kuala Berang (about 12 kilometres due south-west).

Alternatively, the Factory Building is also easily accessible through major highways such as the Jerangau-Jabor Highway, Federal Route 14 and the East Coast Expressway Phase 2 (“**LPT2**”), providing efficient links to Kuala Lumpur, Kuantan, and other major economic hubs along the east coast. The Ajil Toll Plaza connecting to LPT2 Expressway is located about 5.5 kilometres due south-west from the Factory Building.

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The following map sets out the location of the Land:



The information on the Land upon which the Factory Building is constructed on, are summarised as follows:

<b>Title No.</b>	Title No. PN 3936
<b>Lot No.</b>	Lot 12373
<b>Locality</b>	Kawasan Perindustrian Wakaf Tapai
<b>Mukim</b>	Mukim Bukit Payung
<b>District</b>	Marang
<b>State</b>	Terengganu
<b>Postal Address</b>	Lot 12373, Kawasan Perindustrian Wakaf Tapai, 21040 Marang, Terengganu
<b>Term of tenure</b>	60 years leasehold expiring on 17 December 2056 (unexpired term of approximately 31 years)
<b>Category of land use</b>	Industrial
<b>Land area</b>	307,600 square metres (approximately 76.01 acres)
<b>Registered owner</b>	Gimzan Plywood Sdn Bhd
<b>Express conditions</b>	<p>(i) The Land shall be used solely for the purpose of operating a plywood manufacturing factory and for the construction of buildings related thereto; and</p> <p>(ii) Within 2 years from the date of title issuance, the Land shall be utilised for the operation of a plywood factory and the construction of related buildings, subject to the plans approved by the Local Authority.</p> <p><u>Special conditions:</u></p> <p>(i) All instructions, advice, and conditions imposed by the land administrator, local authorities, Department of Environment, and other relevant departments or agencies shall be complied with at all times; and</p> <p>(ii) Priority for employment, whether for general labour or skilled personnel working on the Land or in the factory, shall be given to Bumiputera citizens of His Royal Highness the Sultan of Terengganu.</p>

<b>Restriction in interest</b>	(i) Transfer of ownership, mortgaging, or leasing is not permitted unless with the approval of the relevant governmental authority, body or agency empowered and having jurisdiction to grant the approval for the transfer of the title of the Land pursuant to the provisions of the National Land Code; and (ii) Subdivision is not allowed.
<b>Encumbrances</b>	Nil
<b>Existing usage</b>	Wood pellet manufacturing factory building <sup>(1)</sup>

(Source: Valuation Report)

Note:

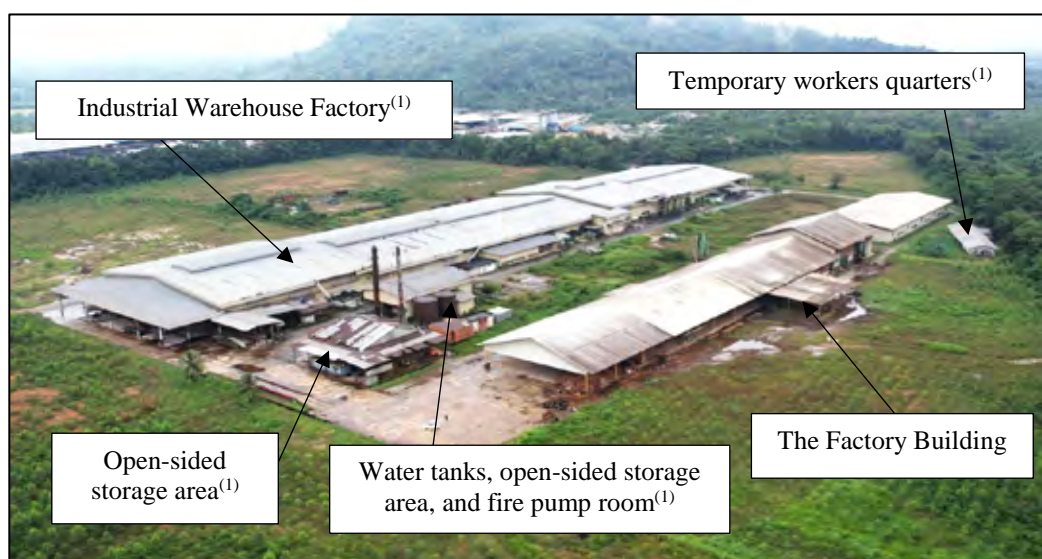
- (1) Pursuant to the Tenancy Agreement, part of the Land (i.e., 26.9177 acres) is being rented by BTMBP from Gimzan at a monthly rental rate of RM26,917.70 for the sole purpose of erect and construct a wood pellet manufacturing factory (including any ancillary buildings or structures) to manufacture and produce wood pellet and other such similar products, for a principal term of 3 years from 14 May 2015 to 13 May 2018. Subsequently the tenancy period was further extended via letters of extension dated 13 February 2018 (for the period from 14 May 2018 to 13 May 2021), 12 February 2021 (for the period from 14 May 2021 to 13 May 2024), 23 April 2024 (for the period from 14 May 2024 to 13 May 2025), 14 May 2025 (for the period from 14 May 2025 to 13 November 2025) and 3 November 2025 (for the period from 14 November 2025 to 13 February 2026).

Further, pursuant to the letter of extension of tenancy period dated 23 April 2024, the size of the land rented was mutually agreed to be reduced from 26.9177 acres to the actual size of the land on which the Factory Building was erected, which is approximately 2 acres. BTMBP had previously rented the entire 26.9177 acres plot to support full-capacity wood pellet production, including raw material storage, production, logistics and future expansion. The remaining approximately 24 acres were used over the past 10 years for storage, staging of raw materials and other operational purposes, including supporting production logistics and warehousing needs. The reduction to 2 acres, effective 23 April 2024, reflects the Group's scaled-down operations in light of the market conditions, specifically low market demand for its products, retaining only the land area essential for current operation which includes production, storage and staging of raw materials in reducing its operating costs. Therefore, effective from 14 May 2024, the rental rate was reduced from RM26,917.70 to RM2,229.00 per month.

Upon the completion of the Proposed Factory Building Disposal, BTMBP and the Purchaser will terminate the Tenancy Agreement.

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The following map sets out the aerial view of the Factory Building:



Note:

(1) The description and condition of the Industrial Warehouse Factory and the ancillary buildings belong to Gimzan that are next to the Factory Building are as follows:

**(i) Industrial Warehouse Factory**

The Industrial Warehouse Factory is a single-storey industrial warehouse factory belongs to Gimzan, the Registered Proprietor of the Land, located parallel to the east side of Factory Building. This Industrial Warehouse Factory constructed of steel portal framework and concrete flooring. The walls are of plastered brickwalls and metal claddings, with metal deck roofing sheets. The building is presently unoccupied and is in a fair state of repair and is designed for industrial use. The Industrial Warehouse Factory was constructed by Gimzan and it was part of the area leased by Gimzan to BTMBP since 2015 which was previously occupied by BTMBP for storage and staging of raw materials for its operation up to early 2024.

**(ii) Open-sided storage area**

This open-sided storage structure is currently in a dilapidated and deteriorated condition. The roofing and supporting framework show clear signs of prolonged wear and lack of maintenance, and the space is no longer suitable for proper or secure storage without substantial repair or refurbishment. This area was previously used for material storage.

**(iii) Water tanks, open-sided storage area, and fire pump room**

The structure includes utility and fire-safety water tanks, an open-sided storage area (dilapidated in condition), and a fire pump room containing essential firefighting equipment that support the property's key utility and fire-protection functions. For the avoidance of doubt, these assets do not form part of the Proposed PME Disposal as they do not belong to BTM or BTMBP.

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(iv) **Temporary workers quarters**

The temporary workers quarters are constructed using a temporary wooden structure. The building is in a dilapidated state, exhibiting visible deterioration caused by age, prolonged weather exposure and minimal maintenance. It is designed originally for short-term occupancy.

(Source: The Management)

Further details of the Factory Building are summarised in the table below:

<b>Name</b>	Factory Building
<b>Properties description</b>	A single-storey wood pellet manufacturing factory
<b>Age of the Factory Building</b>	Approximately 6 years
<b>Existing usage</b>	Wood pellet manufacturing factory building
<b>Proposed usage</b>	Wood pellet manufacturing factory building
<b>Total build up area of the Factory Building / Gross floor area</b>	7,520.87 square metres (80,954 square feet)
<b>Audited NBV of the Factory Building as at 30 June 2025</b>	RM3.74 million

(Source: Valuation Report and the Management)

**Description and condition of the Factory Building**

The Factory Building is generally constructed of steel portal framework and reinforced concrete flooring, plastered brickwalls/metal claddings (partially open-sided) and metal deck roofing sheets. It has a total approximate gross floor area of about 7,520.87 square metres (80,954 square feet) with eaves height of about 20 feet high. The Factory Building accommodates various functional areas including a warehouse area, factory area, 2 electrical rooms, storage area, office area, meeting room, pantry, discussion room, electrical switch rooms and 2 toilets.

The internal partitions are generally made of gypsum boards and framed glass. Other improvements to the Factory Building include the installation of split-type air-conditioning units in the office area. The office area has also been renovated with a first-floor wooden platform to house a meeting room, discussion room and a toilet. Additionally, the side and rear portions of the Factory Building have been extended using metal deck roofing sheets to enlarge the warehouse area of the Factory Building.

The Factory Building was observed to be in a fair state of repair. Notably, the Factory Building has been issued with a Certificate of Completion and Compliance dated 15 December 2019.

The Factory Building, which is one of the subjects of the Proposed Disposals, is currently utilised for the Group's ongoing wood pellet production activities. Notwithstanding this, the Group has decided to undertake the Proposed Disposals as part of its strategic initiative to scale down and subsequently exit its wood pellet manufacturing business, which had been affected by operational inefficiencies, escalating raw material costs, and limited long-term commercial viability in view of the growing unfavourable outlook of the wood biomass industry, as set out in **Section 6** of Part A of this Circular.

Considering the above, BTM Group has reassessed its capital allocation strategy and identified an opportunity to improve its operational and financial position. By selling the Factory Building as well as the PME, this will allow the Group to unlock the value of the Factory Building and the PME at reasonable prices and apply the proceeds towards the repayment of the Settlement Sum without incurring cash outflow, thus preserving the Group's cash reserves for its other existing businesses of sawmilling and trading of sawn timber, plywood and logs.



As such, the Board (save for the Interested Director) of the view that the Proposed Disposals are not expected to have any material adverse impact on the business operations or financial position of the Group, after taking into consideration the above and prospects of BTM Group as set out in **Section 6** of Part A of this Circular.

## **2.2 Independent valuation of the Factory Building**

PA International, an independent valuer registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia had valued the Factory Building using the Cost Approach as the sole approach in order to determine the apportioned market value of the Factory Building at RM4,000,000 in its Valuation Report.

The Cost Approach was adopted in view of the limited availability of rental and yield data for large industrial land parcels in the state of Terengganu. Additionally, the Land is not fully optimised, which further limits the reliability of the other available valuation methods pursuant to the Asset Valuation Guidelines issued by the Securities Commission Malaysia. In such circumstances, the Cost Approach is deemed the most appropriate and reflective of the true market value of the Factory Building. The Cost Approach involves adding the market value of the Factory Building to the replacement cost of the Factory Building and other site improvements, less deductions for accrued depreciation. The replacement cost is based on the estimated cost of reconstructing a building of similar kind and design using current market prices for materials, labour and construction techniques, adjusted for physical deterioration, functional obsolescence and economic factors.

Based on the JUBM Group Construction Cost Handbook Malaysia 2024, the construction cost for a single-storey conventional factory of structural steelwork ranges from RM138 to RM194 per square foot. In deriving the market value of the Factory Building, taking into account that the Factory Building is a partially open-sided structure, the Valuer adopted a cost rate of RM100 per square foot for the factory, warehouse and office areas (in total of 77,444 square feet or equivalent to RM7,744,400 in value), and applied a 50% discount for its ancillary floor areas such as the covered walkways and terrace sections with open-sided walls (in total of 3,510 square feet or equivalent to RM175,500 in value) as these areas incur lower construction costs given their simpler design and reduced functional utility compared to the main building areas. Accordingly, the estimated building value before depreciation was RM7,919,900.

The Factory Building, which is approximately 6 years old, was noted to be in a fair state of repair. Nonetheless, a 50% depreciation was applied by the Valuer in view of the following factors:

- (i) physical obsolescence of the Factory Building arising from the rapid physical deterioration to the steelwork structures due to wear and tear. While open-sided construction typically has lower initial construction cost, it would also accelerate deterioration due to exposure to rain/humidity/ultraviolet rays/sawdust, leading to shorter effective life and higher lifecycle maintenance warranting a functional discount in addition to physical wear;
- (ii) functional obsolescence of the Factory Building arising from the design limitations, particularly the open-sided wall structure whereby it reduces flexibility of use, provides limited environmental protection for machinery and materials, and may not meet the operational standards or regulatory requirements of alternative industrial uses; and
- (iii) economic obsolescence of the Factory Building as the Factory Building is tailored to wood pellet production and may not be easily adaptable or attractive to a broader pool of other industrial users.

Taking into consideration all of the above, the depreciated building value is determined at RM4,000,000, which has been adopted as the market value of the Factory Building.

(Source: Valuation Report)

### 2.3 Background information of the PME

The PME comprise the wood pellet making line, concrete deck type truck scale weighing system, klockner wood chipper, drum wood chipper production line and wood pellet making line (which comprise material drying units, pellet mills, cooling systems and packaging equipment), and motor vehicles, all of which are located in the Factory Building.

The basis of valuation for the PME is based on the market value using “ex-situ value” basis, where the PME are valued for removal from the Factory Building, with the following assumptions:

- (i) the PME would be available for sale as a whole for removal from the premises at the expense of the Purchaser;
- (ii) the PME are free from import taxes and duties; and
- (iii) all costs of sale are excluded.

The replacement cost of the PME is the cost replacing the PME as new including costs for installation, infrastructure and professional fees and an allowance is made for physical, functional and economic obsolescence.

The Valuer has only adopted the depreciated replacement cost method in determining the market value of the PME, as this approach is considered appropriate for specialized assets and limited market for similar types of PME installed and equipped within the Factory Building. For the avoidance of doubt, the comparison method is not suitable in assessing the market value of the PME due to the absence of sufficient, reliable market comparables for similar types of PME as they are limited used market exist for standard components of the PME.

Taking into consideration all of the above, the market value of the PME has been determined at RM655,000, which has been adopted by the Valuer.

Further information of the PME are disclosed in the table below:

<b>Name</b>	<b>Description</b>	<b>Approximate age of the PME</b>	<b>Market value (RM)</b>	<b>NBV as at 30 June 2025 (RM)</b>
Concrete Deck Type Truck Scale Weighing System	A heavy-duty industrial-grade truck scale system designed for precise and reliable vehicle weighing.	10 years (since 2015)	20,000	18,675
Klockner Wood Chipper	A wood chipping machine designed to reduce large wood logs into smaller wood chips.	8 years (since 2017)	365,000 <sup>(1)</sup>	24,255
Drum Wood Chipper Production Line and other accessories	An industrial production line incorporating a drum-type wood chipper, primarily to handle high-volume wood input, converting it into uniformly sized wood chips for further manufacturing use. The line comprises material drying units, pellet mills, cooling systems, and packaging equipment.	7 years (since 2018)		138,117
Wood Pellet Making Line and other accessories	A complete industrial wood pellet making line designed to process wood chips into high-density wood pellets. The system includes material handling conveyors, drying units, pellet mills, cooling systems, and packaging machines	11 years (since 2014)		1,324,200

Vehicles (i.e., Liugong Wheel Loader, Mitsubishi Triton, Isuzu Lorry, Hitachi Excavator)	Vehicle used primarily for logistical activities of the wood pellet business.	2 to 10 years (since 2015 to 2023)	270,000	120,988
<b>Total</b>			<b>655,000</b>	<b>1,626,235</b>

Note:

- (1) The market value of the Klockner wood chipper, drum wood chipper production line, wood pellet making line and other related accessories has been determined on a collective basis. This approach was adopted as these assets are interdependent and operate as an integrated production line, rendering it impracticable to derive a reliable fair market value on an individual asset basis.

The PME serve as a critical function in the wood pellet production process, including the handling, drying, pelletising and packaging of wood waste materials into compressed wood pellets used primarily as renewable fuel. The PME also include mechanical and electrical equipment such as conveyors, dryers, pellet mills, coolers, and packaging units, which work together to ensure efficient conversion of raw wood waste materials into high-quality wood pellets suitable for commercial energy applications.

(Source: Valuation report for the PME dated 12 September 2025 and the Management)

## 2.4 Basis and justification for the Disposals Consideration

The Disposals Consideration of RM4.50 million for the Proposed Disposals was arrived at on a “willing-buyer willing- seller” basis between the Vendor and Purchaser, after taking into consideration, among others, the following:

The Factory Building Disposal Consideration of RM4.00 million, which is justified by:

- (i) the appraisal by the Valuer via its Valuation Report using the Cost Approach;
- (ii) the offer received by the Vendor from the Purchaser to acquire the Factory Building. As set out in **Section 2.1** of Part A of this Circular, part of the Land which the Factory Building is erected of approximately 2 acres is being rented by the Vendor from the Purchaser at a monthly rental rate of RM2,229.00. The Board (save for the Interested Director) is of the view that it is unlikely that the Vendor will be able to identify any other potential purchaser for the Factory Building as the Vendor does not own the Land.

In addition, the existing Tenancy Agreement between the Vendor and the Purchaser is subject to frequent renewal and the potential risk of non-renewal (at the discretion of the Purchaser) in view that the Purchaser is the landlord for the Land; and

- (iii) the rationale and benefits of the Proposed Disposals as set out in **Section 5.1** Part A of this Circular.

The PME Disposal Consideration of RM0.50 million, which is justified by:

- (i) the market value of the PME of approximately RM0.66 million as appraised by the Valuer via its valuation report for the PME dated 12 September 2025, and a mutually agreed discount of approximately RM0.16 million.

Taking into consideration the Factory Building Disposal Consideration is at the market value without any discount, the discount of approximately RM0.16 million is 3.43% discount to the total market value of the Factory Building and the PME of approximately RM4.66 million.

The Board (save for the Interested Director) takes cognisance that the PME Disposal Consideration of RM0.50 million is below the market value ascribed by the Valuer of RM0.66 million. However, the Board (save for the Interested Director) is of the opinion that the discount is justifiable and had agreed to the discount after having considered that the Management was not able to identify any other potential purchaser to acquire the PME. Further, if PME were not to be disposed together with the Factory Building to the Purchaser, the Group will need to incur additional cost to de-assemble, remove and move the PME from the Factory Building to any other facilities own or rent by the Group, which may further deteriorate the market value of the PME.

Further, the proceeds from the PME Disposal Consideration will be utilised for the settlement of the Settlement Sum by way of set-off against the Disposals Consideration; and

- (ii) the rationale and benefits of the Proposed Disposals as set out in **Section 5.1** Part A of this Circular.

The Board (save for the Interested Director) is of the opinion that the Disposals Consideration is justifiable as explained above in view that the Proposed Disposals will benefit BTM Group as they provide BTM Group with an opportunity to realise the value of its investments on the Factory Building including the PME and by reducing its outstanding debt obligations via the settlement of the Settlement Sum by way of set-off against the Disposals Consideration.

## 2.5 Original cost and date of investment for the Factory Building

The original cost of investment incurred for the Factory Building is as follows:

Description	Date of investment	Cost of investment (RM)
Factory Building	15 December 2019	4,749,811

## 2.6 Original cost and date of investment for the PME

The original cost of investment incurred for the PME are as follows:

Description	Date of investment	Cost of investment (RM/USD)
Concrete Deck Type Truck Scale Weighing System	31 March 2015	RM83,000
Klockner Wood Chipper	19 August 2017	RM114,268
Drum Wood Chipper Production Line and other accessories	12 July 2018	USD40,212 equivalent to RM162,497 <sup>(1)</sup>
Wood Pellet Making Line and other accessories	29 November 2014	USD1,150,000 equivalent to RM3,948,525 <sup>(2)</sup>
Vehicles (i.e., Liugong Wheel Loader, Mitsubishi Triton, Isuzu Lorry, Hitachi Excavator)	Between 2015 to 2023	RM481,356

Notes:

- (1) Based on the exchange rate of USD1.00:RM4.041 derived from the exchange rate based on BNM middle rate as at 5.00 p.m. on 12 July 2018.
- (2) Based on the exchange rate of USD1.00:RM3.4335 derived from the exchange rate based on BNM middle rate as at 5.00 p.m. on 1 December 2014 (as 29 November 2014 is a non-market day).

## **2.7 Liabilities remaining with BTM Group**

There are no liabilities including contingent liabilities in relation to the Factory Building or the PME which will remain with BTM Group after the completion of the Proposed Disposals.

## **2.8 Guarantee given by BTM Group**

There are no guarantees given by BTM Group to the Purchaser pursuant to the SPA for the Proposed Disposals.

## **2.9 Cash company or Practice Note 17 issuer**

The Proposed Disposals is not expected to result in the Company becoming a Cash Company and/or a Practice Note 17 issuer as defined under the Listing Requirements.

## **2.10 Information on the Purchaser**

Gimzan was incorporated in Malaysia on 13 June 1990 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. As at the LPD, Gimzan has a total issued share capital of RM91,000,000 comprising 91,000,000 ordinary shares. The principal activity of Gimzan is generating and distributing renewable energy power, sales of plywood and related products as well as general trading. The directors of Gimzan are Dato' Seri Yong and Sheikh Othman Bin Sheikh Abdul Rahman. Dato' Seri Yong is the sole shareholder in Gimzan.

As at the LPD, Gimzan does not have any subsidiary or associated company.

As at the LPD, Gimzan does not hold any ordinary shares in BTM.

As at the LPD, the directors of Gimzan do not have any direct and/or indirect equity interest in BTM, save for the following:

Name	Nationality	Direct interest		Indirect interest	
		No. of Shares	%	No. of Shares	%
Dato' Seri Yong	Malaysian	85,244,181	6.78	113,909,408 <sup>(1)</sup>	9.07

Note:

- (1) Deemed interested by virtue of the shareholding of his spouse, Datin Seri Ng Ah Heng and the shareholding of his children, Yong Hin Siong, Yong Emmy and Yong Ellen pursuant to Section 8 of the Act.

## **2.11 Information on the Settlement Sum**

As at the LPD, BTMBP has been receiving financial support amounting to RM4.50 million from MMSB in the form of cash advances commencing from April 2024 until May 2024. Dato' Seri Yong is deemed interested in MMSB in view that Chai Owi Yok, the sole director and shareholder of MMSB, is also a director of BTM Timber Industries Sdn Bhd (a company of which Dato' Seri Yong is also a director of and not a subsidiary of BTM) and is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Dato' Seri Yong.

During April and May 2024, BTMBP had experienced temporary liquidity constraints in meeting its working capital requirements, primarily due to low sales recorded during the period from October 2023 to March 2024, which resulted in insufficient cash inflows to meet its operating expenses. Instead of securing bank borrowings which would incur periodic interest payments and potentially longer lead times for approval, documentation, and disbursement, BTMBP had opted to obtained advances from MMSB, a company related to its Managing Director and Major Shareholder namely Dato' Seri Yong, to bridge the shortfall in its working capital in a timely and cost-effective manner, which were extended without interest charges and without fixed repayment terms, allowing BTMBP to repay only when its cash flow permits. This provided BTMBP with immediate funding support to address its short-term obligations and operational needs while avoiding additional financing costs.

The breakdown of the advances from MMSB to BTMBP is detailed as follows:

<b>Date of transaction</b>	<b>Advances to BTMBP (A) RM</b>	<b>Repayment (B) RM</b>
24 April 2024	3,000,000	-
25 April 2024	-	(500,000) <sup>(1)</sup>
3 May 2024	2,000,000	-
<b>(A) - (B) =</b>		<b>4,500,000</b>

Note:

- (1) Following the receipt of the advances of RM3.00 million on 24 April 2024, BTMBP reviewed its immediate cash flow requirements and determined that RM2.50 million was sufficient to meet its working capital needs at that time.

Hence, RM0.50 million was repaid to MMSB on the following day, funded from the same advance received on 24 April 2024.

Save as disclosed in the table above, there are no other advances received by the Group from MMSB, Gimzan or Dato' Seri Yong since April 2024 up to the LPD.

The Board (save for the Interested Director) is of the view that the advances extended by MMSB to BTMBP is in the best interest of the Group in view that the advances were provided at the terms acceptable to both parties without any interest payments or repayment term at the request of MMSB, whereby BTMBP will only make payment as and when BTMBP is able to do so.

BTMBP had fully utilises the total advances amount of RM4.50 million and the details of its usage are as follows:

<b>Period of utilisation</b>	<b>Purpose</b>	<b>Amount (RM)</b>
April 2024 to June 2024	Payment for trade and other payables such as the purchase of raw materials such as log, timber, plywood, factory overhead expenses and payments to other creditors	1,995,891 <sup>(2)</sup>
	Repayment to Dato' Seri Yong for his earlier advances to BTMBP which were utilised to fund the working capital requirements of BTMBP <sup>(1)</sup>	1,750,000 <sup>(3)</sup>
	Payment of BTMBP's staff related expenses (comprising of employees' salaries and allowances, wages and overtime) and other statutory contributions and payments	424,001
	Payment for BTMBP's general administrative expenses (i.e., rental and cost to upkeep office equipment, professional/consultancy fees, audit fees, legal fees, tax fees, utilities and others)	330,108
<b>Total</b>		<b>4,500,000</b>

Notes:

- (1) As at the LPD, BTMBP does not have any other outstanding debt obligations with Dato' Seri Yong.

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(2) The breakdown of payment for trade and other payables is as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM)</b>
Payment to trade creditors such as the purchase of raw materials i.e., log, timber and plywood	1,001,064
Operation costs (i.e., factory overhead expenses)	945,682
Payment to other creditors (i.e., for repair and maintenance services)	49,145
<b>Total</b>	<b>1,995,891</b>

(3) The breakdown of usage of the advances received from Dato' Sri Yong to fund the working capital requirements of BTMBP is as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM)</b>
Payment for utilities bills	820,000
Payment of BTMBP's staff related expenses (comprising of employees' salaries and allowances, wages and overtime) and other statutory contributions and payments	930,000
<b>Total</b>	<b>1,750,000</b>

On 12 September 2025, MMSB and Gimzan had entered into a debt assignment agreement, to mutually agreed for Gimzan to assume all of its rights and interests in the outstanding advances amounting to RM4.50 million owing by BTMBP. Accordingly, Gimzan has assumed the outstanding advances obligations of BTMBP in place of MMSB.

Pursuant to the Proposed Disposal, the Settlement Sum of RM4.50 million will be set-off against the Disposals Consideration of RM4.50 million.

## **2.12 Information on MMSB**

MMSB was incorporated in Malaysia on 3 May 2012 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. As at the LPD, MMSB has a total issued share capital of RM2 comprising 2 ordinary shares.

The principal activity of MMSB is investment holding. Chai Owi Yok is the sole director and shareholder of MMSB.

As at the LPD, MMSB does not have any subsidiary or associated company.

As at the LPD, MMSB holds 1,217,099 Shares in BTM.

As at the LPD, Chai Owi Yok held 12,000 ordinary shares in BTM. Save as disclosed, Chai Owi Yok do not have any direct and/or indirect equity interest in BTM.

## **2.13 Utilisation of proceeds**

The Disposals Consideration of RM4.50 million will be used for the settlement of the Settlement Sum of RM4.50 million by way of set-off against the Disposals Consideration as set out in **Section 2.11** of Part A of this Circular.

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## **2.14 Risk factors for the Proposed Disposals**

The risk factors relating to the Proposed Disposals include, but are not limited to the following:

### **(i) Non-Completion of SPA**

The Proposed Disposals are conditional upon the Vendor and the Purchaser fulfilling their obligations under the SPA, failing which, any party to the SPA will be entitled to terminate the SPA. In the event the approval of the Company's shareholders is not forthcoming, and the Purchaser elects to terminate the SPA, the Vendor is required to repay all advances received by it as set out in **Section 2.11 of Part A** of this Circular in cash to the Purchaser, as the advances is intended to be set-off against the Disposals Consideration pursuant to the SPA.

Notwithstanding the above, the Group will endeavour to take all the necessary steps to complete the Proposed Disposals by ensuring that all obligations under the SPA within its control are met in accordance with the SPA.

### **(ii) Compulsory acquisition by the Government**

The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act, 1960. In such event, the amount of compensation to be awarded is based on the market value of the property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws.

Should any compulsory acquisition take place prior to the completion of the Proposed Factory Building Disposal and the Purchaser elects to terminate the SPA, the compensation to be awarded to BTMBP as a result of the compulsory acquisition could be lower than the Factory Building Disposal Consideration. In this regard, BTM will endeavour to obtain fair compensation from the Malaysian Government based on the Factory Building Disposal Consideration.

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### 3. DETAILS OF THE PROPOSED VARIATION

As at the LPD, the Company has utilised approximately RM54.13 million from the Rights Issue Proceeds. The details of the Rights Issue Proceeds and the Proposed Variation are set out as below:

Utilisation purposes	Proposed utilisation of proceeds of the Rights Issue <sup>(1)</sup> (RM'000)	Revised proceeds pursuant to the 1 <sup>st</sup> Variation <sup>(2)</sup> (RM'000)	Revised proceeds pursuant to the 2 <sup>nd</sup> Variation <sup>(3)</sup> (RM'000)	Proposed utilisation of proceeds after the 1 <sup>st</sup> and 2 <sup>nd</sup> Variation (RM'000) (D= A+B+C)	Actual utilisation of proceeds as at the LPD <sup>(4)</sup> (RM'000) (E)	Balance of unutilised proceeds as at the LPD (RM'000) (F = D-E)	Proposed Variation (RM'000) (G)	Revised proceeds for utilisation after Proposed Variation (RM'000) (H = F+G)	Original utilisation timeframe	Revised utilisation timeframe after Proposed Variation <sup>(7)</sup>
Payment of sublease consideration	24,700	-	-	24,700	24,700	-	-	-	Within 3 months	-
Planting cost at the Plantation Lands	4,800	-	(4,800)	-	-	-	-	-	Within 60 months	-
Construction cost of the Biomass Power Plant	23,120	-	-	23,120	3,527	19,593	(19,593)	-	Within 18 months	-
Repayment to director's advance which was used for working capital of BTM Group	8,000	(290)	-	7,710	7,710	-	-	-	Within 3 months	-
Working capital requirements of BTM Group	10,606	717	4,800	16,123	16,123	-	7,593 <sup>(5)</sup>	7,593	Within 36 months	Within 24 months
Estimated expenses for the corporate exercises undertaken by the Group	2,500	(427)	-	2,073	2,073	-	-	-	Within 1 month	-
Potential strategic acquisition of new business(es) or asset(s) or investment(s) to be identified by BTM	-	-	-	-	-	-	12,000 <sup>(6)</sup>	12,000	-	Within 24 months
<b>Total</b>	<b>73,726</b>	<b>-</b>	<b>-</b>	<b>73,726</b>	<b>54,133</b>	<b>19,593</b>	<b>-</b>	<b>19,593</b>		

Notes:

- (1) Further details on the usage of proceeds pursuant to the Rights Issue are as set out in the circular to Shareholders dated 8 August 2022.
- (2) The balance unutilised proceeds of RM0.29 million for the repayment to director's advance and approximately RM0.43 million for the expenses of the corporate exercises undertaken by BTM, in total of approximately RM0.72 million, has been channelled for the working capital requirements for its existing timber business pursuant to the 1<sup>st</sup> Variation. The 1<sup>st</sup> Variation was undertaken as the Company did not have sufficient funds and required additional cash to support its existing timber business at that material time. As this variation was not a material variation pursuant to Paragraph 8.22(2) of the Listing Requirements, as it did not involve a deviation of 25% or more of the Rights Issue Proceeds, it was not subject to the approval from the Shareholders and any regulatory authorities.
- (3) On 9 September 2024, the Company announced that the Board had resolved to vary the utilisation of RM4.80 million allocated for the plantation costs at the Plantation Lands by re-purposing it for its working capital requirements for its existing timber business. The original allocation for the plantation was intended to support the plantation of feedstock supply for the Biomass Power Plant, as feedstock availability could become a concern if the Biomass Power Plant were to be operated by an independent project developer who does not own its own feedstock source and would need to procure materials from third parties. However, with the Group no longer pursuing the Biomass Power Plant project, the establishment of the plantation and the associated planting costs are no longer required. The breakdown of usage for the working capital requirements for the existing timber business is as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>
Payment for trade and other payables such as purchase of raw materials and payment to other creditors	3,888
Staff related expenses (i.e., staff salaries, staff allowances and statutory contribution)	759
Payment for general expenses (i.e., rental of office, utilities, professional fee and others)	153
<b>Total</b>	<b>4,800</b>

As this variation was not a material variation pursuant to Paragraph 8.22(2) of the Listing Requirements, as it did not involve a deviation of 25% or more of the Rights Issue Proceeds, it was not subject to the approval from the Shareholders and any regulatory authorities.

- (4) The breakdown of actual utilisation of proceeds as at the LPD is as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>
Sublease consideration in relation to the Sublease Agreement for the lease of the Plantation Lands for 63 years	24,700
Payment for Biomass Power Plant project, comprising the following:  (i) settlement of the outstanding amount under EPCC Agreement; (ii) site survey fees; (iii) bank financing facility fees, (iv) SEDA's application related fees; and (v) consultants' professional fee	3,527

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>
Repayment to director's advance which was used for working capital of BTM Group	7,710 <sup>(1)</sup>
Working capital requirements of BTM Group for the following:	16,123
(i) payment for trade and other payables such as purchase of raw materials and payment to other creditors;	11,590
(ii) staff related expenses (i.e., staff salaries, staff allowances and statutory contribution); and	2,481
(iii) payment for general expenses (i.e., rental of office, overhead, utilities, upkeep, professional fee and others)	2,052
Expenses for the corporate exercises undertaken by the Group	2,073
<b>Total</b>	<b>54,133</b>

Note:

(1) The breakdown for the usage of advance to fund working capital of BTM Group is as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>
Operation costs e.g. purchase of raw materials and factory overhead cost	2,441
Payment of the Group's staff related expenses (comprising of employees' salaries and allowances, wages and overtime) and other statutory contributions and payments	2,613
Repayment of bank borrowings	1,420
Utilities and rental expenses	825
Purchase of tools and equipment	411
<b>Total</b>	<b>7,710</b>

- (5) On 15 May 2025, the Company announced that BTMBP had on 8 May 2025, received a letter dated 7 May 2025 from the SEDA signifying its agreement to BTMBP's application to formally relinquish the 1<sup>st</sup> Feed-in Approval. The relinquishment, which took effect on 30 April 2025, was approved by the SEDA pursuant to Rule 19A of the Renewable Energy (Feed-in Approval and Feed-in Tariff Rate) Rules 2011. On 11 July 2025, the Board announced that BTM Land had on 10 July 2025, received a letter dated 7 July 2025 from the SEDA signifying its agreement to BTM Land's application to formally relinquish the 2<sup>nd</sup> Feed-in Approval. As a result, the Group currently does not have any ongoing Biomass Power Plant project.

Pursuant to the Proposed Variation, the Board intends to re-allocate up to approximately RM7.59 million of the proceeds initially allocated for the construction cost of the Biomass Power Plant by re-purposing it for the working capital requirements of BTM Group as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>	<b>Expected timeframe for use of proceeds (months)</b>
Payment for the Group's trade and other payables such as the purchase of raw materials such as log, timber, plywood, factory overhead expenses and payments to other creditors	2,942 <sup>(1)</sup>	Within 24 months

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>	<b>Expected timeframe for use of proceeds (months)</b>
General administrative expenses (i.e., rental and cost to upkeep of office equipment, professional /consultancy fees, audit fees, legal fees, tax fees, utilities and others)	800	Within 24 months
Staff costs (i.e., staff salaries, staff allowances and statutory contribution for business development personnel and administrative personnel)	3,600	Within 24 months
Payment for the Group's transporter, forwarding expenses as well as repair and maintenance of plant and machinery expenses	251	Within 24 months
<b>Total</b>	<b>7,593</b>	

Note:

(1) The breakdown for the payment for the Group's trade and other payables is as follows:

<b>Description of the usage purposes</b>	<b>Amount (RM'000)</b>
Purchase of raw materials such as log, timber and plywood	1,600
Factory overhead expenses	500
Payments to other creditors	842
<b>Total</b>	<b>2,942</b>

As at the LPD, the Group has total trade and other payables of approximately RM9.08 million. For information purpose, the Group's trade payable turnover period was 73 days for the 18-month financial period ended 30 June 2025.

The above allocation of proceeds is indicative at this juncture and is subject to revision depending on the operating and funding requirements of BTM Group at the time of utilisation. Any shortfall for any category under working capital requirements of BTM Group will be adjusted against any other categories under working capital requirements of BTM Group.

Any surplus from any category under working capital requirements of BTM Group, will be re-allocated firstly for any other categories under working capital requirements of BTM Group and any remaining surplus thereafter will be re-allocated for potential strategic acquisition of new business(es) or asset(s) or investment(s) to be identified by BTM.

- (6) Pursuant to the Proposed Variation and as explained in Note (4) above, the Board intends to re-allocate up to approximately RM12.00 million of the proceeds initially allocated for the construction cost of the Biomass Power Plant, for potential strategic acquisition of new business(es) or asset(s) or investment(s) to be identified by BTM as part of its efforts to expand and diversify the Group's revenue stream and improve overall profitability. The Board is currently in the preliminary stage of assessing a range of potential opportunities which are not a related party transactions, and while no specific target has been finalised at this juncture, any prospective business(es), asset(s) or investment(s) will be evaluated to ensure that it complements and supports the Group's existing operations, either through synergy with the Group's core competencies or by providing a stable, diversified income stream for the Group's business. The Group intends to conduct the evaluation, including the financial and operational aspects on the potential new business(es) or asset(s) or investment(s) to be ventured into/to be acquired, which is expected to take up to 6 months from Shareholders' approval for the Proposed Variation. Thereafter, the Group may take up to 3 months for the finalisation of the acquisitions or venture into new business(es) or asset(s) or investment(s).

The Company will make the necessary announcement(s) to Bursa Securities and seek for approval(s) from its Shareholders on the utilisation of RM12.00 million proceeds upon finalisation of any acquisition or investment. If the Company is unable to identify or finalise any potential business(es), asset(s) or investment(s) within 12 months from Shareholders' approval for the Proposed Variation, the Company will either seek an extension of time for the utilisation of the proceeds or re-allocate the proceeds for the working capital requirements of the Group's existing business.

In the event the proceeds are re-allocated to working capital, the priority will be to support the operational needs of the Group's existing timber business, including raw material purchases, labour and operating expenses, maintenance of production facilities, and other expenditures essential to maintaining operational stability. Any such re-allocation will be announced by the Company immediately, including a detailed breakdown and explanatory note(s) on the intended utilisation of the proceeds.

- (7) From the date of obtaining Shareholders' approval for the Proposed Variation.

#### 4. DETAILS OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction entails the reduction of the Company's issued share capital pursuant to Section 117 of the Act via the cancellation of the Company's issued share capital of RM80.00 million. The basis for the reduction of RM80.00 million of the Company's issued share capital is derived from the Group's audited accumulated losses of RM78.88 million and unaudited accumulated losses of RM79.94 million as at 30 June 2025 and 30 September 2025, respectively, and is intended to enhance the credibility of the Company's balance sheet, as further elaborated in **Section 5.3** of this Circular.

The corresponding credit of RM80.00 million arising from such cancellation will be used to set-off the accumulated losses of the Company, while the remaining balance will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Listing Requirements.

As at the LPD, BTM has:

- (a) an issued share capital of RM97,895,077 comprising 1,256,486,718 BTM Shares; and
- (b) 307,190,331 outstanding Warrants C which are exercisable into 307,190,331 new Shares at an exercise price of RM0.10 each.

For illustrative purposes, the Proposed Share Capital Reduction shall have the following effects:

	<b>(Audited)</b> <b>As at 30 June 2025</b>		<b>(Unaudited)</b> <b>As at 30 September 2025</b>	
	<b>Company level</b>	<b>Group level</b>	<b>Company level</b>	<b>Group level</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accumulated losses	(68,357)	(78,883)	(68,711)	(79,943)
Add: Credit arising from the Proposed Share Capital Reduction	80,000	80,000	80,000	80,000
Less: Estimated expenses for the Proposed Share Capital Reduction	(100)	(100)	(100)	(100)
<b>Resultant retained earnings</b>	<b>11,543</b>	<b>1,017</b>	<b>11,189</b>	<b>(43)</b>

The summary and commentaries of the financial information of the Group for the audited FYE 31 December 2022, FYE 31 December 2023 and 18M-FPE 30 June 2025 are set out in **Appendix III** of this Circular.

Subject to and subsequent to the approval of the Proposed Share Capital Reduction by the shareholders of the Company at the EGM to be convened, the Proposed Share Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act. The Company will make an immediate announcement once the Proposed Share Capital Reduction becomes effective.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in:

- (i) any adjustment to the reference share price of BTM Shares;
- (ii) any change in the total number of BTM Shares in issue or the number of BTM Shares held by the Shareholders;
- (iii) any payment to the Shareholders; and
- (iv) any cash outflow or change in the NA of the Group, save for the estimated expenses to be incurred in relation to the Proposed Share Capital Reduction, which will be funded from the internally generated fund.

## **5. RATIONALE FOR THE PROPOSALS**

### **5.1 Proposed Disposals**

The Board (save for the Interested Director) believes that the Proposed Disposals present a valuable opportunity for BTM Group to dispose the Factory Building and the PME at the Disposals Consideration. By selling the Factory Building as well as the PME, BTM Group can monetise its investments in the Factory Building as well as the PME (which are presently used for its wood pellet manufacturing business) via the settlement of the Settlement Sum. As set out in **Section 2.1** of Part A of this Circular, the Proposed Disposals are part of the Group's strategic initiative to scale down and subsequently exit its wood pellet manufacturing business, which had been affected by operational inefficiencies, escalating raw material costs, and limited long-term commercial viability in view of the growing unfavourable outlook of the wood biomass industry, as further set out in **Section 6** of Part A of this Circular. Further, the settlement of the Settlement Sum not only improves the Group's financial position by reducing outstanding obligations and strengthening its balance sheet, it also preserving the Group's cash reserves for its other existing businesses of sawmilling and trading of sawn timber, plywood and logs. This will enable BTM Group to optimise its existing timber businesses and reinforcing its competitive position in the Malaysian timber industry. Overall, the Proposed Disposals support BTM Group's long-term strategy, reinforcing its commitment to operational efficiency, financial strength and continued growth in the businesses of sawmilling and trading of sawn timber, plywood and logs, as further set out in **Section 6** of Part A of this Circular.

### **5.2 Proposed Variation**

On 2 July 2020, BTM announced that BTMBP has obtained the 1<sup>st</sup> Feed-in Approval from SEDA commencing from 23 January 2023. After several extensions, on 12 August 2024, the Company announced that SEDA had vide its letter dated 6 August 2024 extended the scheduled FiT commencement date of the Biomass Power Plant to be no later than 23 January 2026 (i.e., expiring on 22 January 2047).

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. 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 square metres) 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 RM15.86 million.

The intended lease of Teluk Kalong Land shall be divided into 3 phases as follows:

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

Notes:

- (1) The construction of the Biomass Power Plant was originally intended to 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.

On 15 May 2025, the Board had announced that BTMBP had on 8 May 2025, received a letter dated 7 May 2025 from the SEDA signifying its agreement to BTMBP's application to formally relinquish the 1<sup>st</sup> Feed-in Approval. The relinquishment, which took effect on 30 April 2025, was approved by the SEDA pursuant to Rule 19A of the Renewable Energy (Feed-in Approval and Feed-in Tariff Rate) Rules 2011. Therefore, the development on Phase 1 of the Teluk Kalong Land has been cancelled in view that there is no ongoing Biomass Power Plant project.

- (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 were originally intended to only be signed when the terms and conditions of the respective lease agreements are finalised.

As at the LPD, the development plans to be undertaken on Phase 2 and Phase 3 of the Teluk Kalong Land has been cancelled in view that there is no ongoing Biomass Power Plant project.

On 23 November 2020, BTM announced that BTMBP had on 23 November 2020, via the EPCC LOA, awarded the EPCC works in relation to the development of its Biomass Power Plant to SSB for a contract sum of RM115.60 million. On 23 March 2022, BTMBP and SSB had entered into the EPCC Agreement for the development of Biomass Power Plant.

On 7 June 2022, BTM announced that BTM Land has obtained the 2<sup>nd</sup> Feed-in Approval from SEDA commencing from 11 May 2025. On 15 August 2024, the Company announced that SEDA had vide its letter dated 13 August 2024 extended the scheduled FiT commencement date of the Biomass Power Plant to be no later than 11 November 2026 (i.e., expiring on 10 November 2047). On 25 July 2022, BTM Land and TNB had entered into a REPPA for a FiT concession period of 21 years for electricity to be generated from its Biomass Power Plant. Based on the above, the Group has a total approved net export capacity of 17MW per hour of electricity to TNB at that material time.

Since July 2020, the Group had pursued the development of a renewable energy power plant through its wholly-owned subsidiaries, BTMBP and BTM Land. On 16 January 2023, BTM completed the Rights Issue and raised total gross proceeds of approximately RM73.73 million. Initially, BTM allocated RM23.12 million of the Rights Issue Proceeds for the construction and operation of the Biomass Power Plant on the Teluk Kalong Land.

On 27 April 2021, the Company announced that BTMBP had on 26 April 2021 accepted the banking facilities totalling RM99.17 million to part finance 80% of the cost of civil and structure works and the engineering, procurement, construction and commissioning cost in relation to the Biomass Power Plant project as well as to facilitate the purchase of equipment/materials from local/foreign suppliers in relation to the Biomass Power Plant project. On 27 February 2024, the Company announced that BTMBP's banking facilities had been deemed cancelled on 8 February 2024 as the financier was not able to extend the availability period for the first drawdown by 31 January 2024.

Following a financial review of the Biomass Power Plant project, the Board had on 15 May 2025 announced that BTMBP had on 8 May 2025, received a letter dated 7 May 2025 from the SEDA signifying its agreement to BTMBP's application to formally relinquish the 1<sup>st</sup> Feed-in Approval. The relinquishment, which took effect on 30 April 2025, was approved by the SEDA pursuant to Rule 19A of the Renewable Energy (Feed-in Approval and Feed-in Tariff Rate) Rules 2011.

On 11 July 2025, the Company announced that BTM Land had on 10 July 2025, received a letter dated 7 July 2025 from the SEDA signifying its agreement to BTM Land's application to formally relinquish the 2nd Feed-in Approval. As a result, the Group currently does not have any ongoing Biomass Power Plant project.

The decision to place the Biomass Power Plant project on hold reflects the Group's prudent approach in reassessing the Biomass Power Plant project's viability in light of current market uncertainties including raw materials price volatility and the availability of favourable financing sources to fund the construction of the Biomass Power Plant after the cancellation of BTMBP's banking facilities by the financier, as announced by the Company on 27 February 2024.

The Group had reassessed the viability of the Biomass Power Plant project after considering, amongst others, the following factors:

**(a) Raw materials price volatility**

Woody biomass which comprises offcuts and sawdust is produced in sawmills and other timber processing factories i.e. plywood, veneer, moulding etc. Woody biomass in the form of sawdust, off-cuts and woodchips from various timber processing companies and sawmills becomes the main source of feedstock supply. Woody biomass is optimally utilised through contractual arrangements or reserved for regular customers. New buyers or bidders of woody biomass are likely to trigger a price war in order to procure woody biomass on a big scale basis. Meanwhile, the woody biomass from milling operations are still available on a piecemeal basis, its availability is subject to higher bidding price offered by new entry buyers.

The utilisation rate of forest residues from post-logging is low due to high logistics and handling costs as well as the sustainable forestry management policy imposed by the Forestry Department of Malaysia which encourages post-logging residues to be used for mulching purposes (the process of shredding or grinding wood waste and other woody materials into a consistent particle size). Biomass power plant project developers need to convince the bankers on the availability of biomass fuel supply agreement and positive project cashflow which are linked to feedstock supply. Feedstock supply may become a haunting issue when the biomass plant is operated by an independent biomass plant project developer who does not own feedstock and needs to buy from third parties.

(Source: National Biomass Action Plan 2023-2030, Ministry of Plantation and Commodities Malaysia)

**(b) Market uncertainties due to labour shortage**

The 7,000 member of MEF has called on the Malaysian Government to urgently lift the freeze on new intakes of foreign workers "so that businesses can survive". MEF president Datuk Dr Syed Hussain Syed Husman told the Sun that the agriculture and plantation sector faces a shortage of about 230,000 workers, 300,000 in construction, 200,000 in manufacturing and 100,000 in the services sector. On 19 November 2024, Home Minister Datuk Seri Saifuddin Nasution Ismail announced that the freeze on applications to hire foreign workers, in place since March 2023, would be maintained until at least the first quarter of 2025. Syed Hussain warned that the worker shortage would only worsen if the freeze continues.

(Source: Govt urged to lift freeze on foreign worker recruitment, the Sun, 11 December 2024)

In light of the above, and after reassessing the Biomass Power Plant projects' viability and taking into consideration its progress, heightened feedstock and construction costs, as well as the challenges in securing financing, BTMBP and BTM Land then decided to relinquish its Feed-in Approval.



On 19 May 2025, the Company announced that BTMBP and SSB have, via the Letter of Mutual Termination dated 16 May 2025 mutually agreed to terminate the EPCC LOA, with immediate effect. The mutual termination of the EPCC LOA was reached by both parties on amicable terms. Pursuant to the mutual termination of the EPCC LOA, BTMBP has agreed to settle all outstanding contractor fees amounting to RM0.60 million to SSB accordingly. In view of the Letter of Mutual Termination, the EPCC Agreement is deemed to be terminated and ceased to be effective.

Pursuant to the relinquish of the 1<sup>st</sup> Feed-in Approval and 2<sup>nd</sup> Feed-in Approval on 7 May 2025 and 7 July 2025, respectively, as stated above, the Group currently does not have any ongoing Biomass Power Plant project.

As at the LPD, the Group has incurred a total cost of approximately RM3.53 million for the preliminary assessment, compliance cost, and other ancillary expenses to undertake the Biomass Power Plant business.

Pursuant to the reasons above, the Company is also undertaking internal assessment on the Teluk Kalong Land, including alternative strategic utilisation of the Teluk Kalong Land for other alternate viable business ventures that may provide sustainable and income-generating outcomes, for the Group's long-term growth.

The Group does not rule out the possibility of undertaking a biomass power plant project or other renewable energy ventures in the future, subject to market conditions and the viability of such projects at the material time in view that the Group continues to explore other viable options in the renewable energy space. Given that the evaluation process is still ongoing and may involve engagement with relevant stakeholders and regulatory authorities, the proposed plans for the alternative usage of the Teluk Kalong Land as well as the corresponding implementation timeline, if any, have yet to be determined at this juncture. The Company will make the necessary announcements once a definitive plan for the proposed usage of the Teluk Kalong Land is finalised.

The Group will continue to assess and identify opportunities that align with its long-term business objectives and will make appropriate disclosures to Bursa Securities as and when there are any material developments, in compliance with the Listing Requirements.

In view of these developments and recognising the necessity to channel available financial resources towards more sustainable and productive operations, the Board proposes to vary the utilisation of the unutilised proceeds from the Rights Issue. Specifically, BTM Group plans to allocate up to RM7.59 million of these unutilised proceeds towards meeting its working capital needs. This allocation will support essential operational expenditures such as the purchase of raw materials, settlement of payments to suppliers, utility costs, employee compensation, and other operational and administrative expenses, to sustain the current operations of BTM Group, optimising performance, and enhancing overall business efficiency and resilience.

In addition, BTM proposes to utilise up to RM12.00 million from the unutilised proceeds for the potential acquisition of new business(es) or asset(s) or investment(s) to be identified by the Group, as part of its strategic plan to diversify revenue streams and enhance long-term profitability. BTM intends to evaluate the potential use of the Teluk Kalong Land for the development of its new business ventures or assets or investments to be acquired. In this regard, the Company will seek the necessary approvals from the relevant stakeholders and authorities (if required), to rezone or repurpose the Teluk Kalong Land in line with the requirements of the new business ventures to be undertaken.

Premised on the above, the Board is of the view that the Proposed Variation is in the best interest of the Company and its Shareholders as it enables BTM to optimise its financial resources and improve the operational efficiency of its existing business while pursuing new avenues for sustainable long-term growth.

### **5.3 Proposed Share Capital Reduction**

The Proposed Share Capital Reduction will enable the Company and the Group to rationalise their financial positions via the cancellation of the Company's issued share capital of RM80.00 million. The corresponding credit of RM80.00 million arising from such cancellation will be used to set-off the accumulated losses of the Company, while the remaining balance will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Listing Requirements. In addition, the elimination of accumulated losses is expected to enhance the credibility of both the Company and the Group with the bankers, customers, suppliers, investors and other stakeholders. In addition, it will enhance the Company's ability to declare and pay dividends out of the retained earnings in the future, as and when appropriate, when the Company returns to profitability.

## **6. INDUSTRY OUTLOOK AND PROSPECTS OF THE GROUP**

### **6.1 Overview and outlook of the Malaysian economy**

Malaysia's economy continued its growth momentum, supported by favourable economic performance, amid persistent challenges in the external environment. This signifies the country's strong fundamentals and diversified economic activities as well as investor confidence in the domestic market, anchored by sound government policies. Furthermore, the "Ekonomi MADANI" framework, which focuses on restructuring and reforming Malaysia's economic agenda, coupled with the implementation of key policy plans such as the National Energy Transition Roadmap and New Industrial Master Plan 2030, have started to yield positive results. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of the year, albeit at a moderate pace. Overall, real GDP in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

For 2025, the economy is projected to grow between 4.5% and 5.5%. On the supply side, the services sector continues to uphold its position as the main driver of growth contributed by tourism activities, sustained exports and acceleration of information and communications technology-related activities. Tourism-related industries, particularly food & beverages, accommodation and retail trade segments, are expected to increase further, while the wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. Industries such as the utilities and professional services are anticipated to rise in tandem with the acceleration of information and communications technology development, particularly in data centres.

The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the electrical and electronics segment, as external demand for semiconductors continues to increase. Additionally, the domestic-oriented industries is anticipated to remain favourable in line with higher domestic consumption and investment. The construction sector is expected to rise attributed to growth in all subsectors. Prospects for the agriculture sector remain positive supported by higher production of crude palm oil and demand from food-related industries. On the contrary, the mining sector is forecast to decline marginally due to scheduled plants shutdown for maintenance purposes.

Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative which is Government-linked enterprises Activation and Reform Programme (GEAR-uP), will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

Despite challenges from the global macroeconomic environment, Malaysia's economy performed well in 2024. The economy recorded a stronger growth, expanding by 5.1% (2023: 3.6%) on the back of robust domestic demand with strong investments, as well as a rebound in exports. Malaysia's sound financial system also provided a strong buffer against the effects of volatile global financial markets. This ensured that domestic financial conditions remained conducive to financial intermediation, with sustained credit growth supporting the economy.

Positive labour market conditions amid continued employment and wage growth provided underlying support to resilient household spending. An improvement in household wealth, along with policy measures such as targeted cash transfers, also provided an additional lift to private consumption. 2024 marked a further advancement of an investment upcycle in Malaysia as the economy.

(Source: BNM Annual Report 2024, Bank Negara Malaysia)

## **6.2 Overview and outlook of the timber industry**

Total export of Malaysian timber and timber products in February 2025 decreased by 10% in value totalled at RM1.7 billion from the previous month. Similarly, the cumulative export for the period of January – February 2025 decreased by 2% valued at RM3.6 billion over RM3.7 billion in the previous corresponding year. According to the Global Timber Index Report for February 2025, the plywood industry faced multiple challenges that significantly impacted production and export potential. A major issue was the declining demand for plywood in Japan, coupled with a shortage of export demand in general. At the same time, there was a critical shortage of suitable logs for producing face veneer, which further limited manufacturing capabilities. The situation was worsened by the limited supply of raw materials, particularly wood waste which remained costly.

Total export of sawntimber in February 2025 decreased by 7% in volume but rose by 14% in value, amounting to 65,527 square meters and totaling at RM138.7 million, compared to 70,169 square meters with RM121.2 million in the previous month. Cumulative exports for January–February 2025 reached 135,680 square meters, valued at RM259.9 million reflecting a 3% increase in volume but a 9% decrease in value versus the same period in 2024, when exports were 131,954 square meters and RM285.2 million.

Exports to the European Union in February 2025 stood at 5,450 square meters, reflecting a 62% increase compared to 3,359 square meters in the previous month. The Netherlands, the main buyer, imported 2,577 square meters, up 43% from 1,807 square meters in the corresponding period. Belgium's intake dropped by 26% to 450 square meters, down from 611 square meters in January, while Germany's purchases showed a 109% rise to 769 square meters, compared to 368 square meters in January. Meanwhile, exports to the United Kingdom increased by 51%, reaching 918 square meters, up from 609 square meters in the corresponding period.

In South Asia, February shipments dropped by 32% to 7,913 square meters from 11,705 square meters. India, the region's largest market, received 4,599 square meters, a 24% decrease from 6,035 square meters in the previous month. Maldives' imports fell by 31% to 1,524 square meters from 2,201 square meters, while Sri Lanka's purchases declined by 46% to 1,122 square meters from 2,073 square meters.

(Source: Maskayu, Malaysian Timber Industry Board, Volume 3, March 2025, Ministry of Plantation Industries and Commodities)

## **6.3 Prospects of the Group**

BTM Group is currently involved in the business of sawmilling and trading of sawn timber, plywood and logs. The timber industry is undergoing transformation in response to evolving trends, particularly with the increasing emphasis on environmental sustainability and ESG compliance. These shifts, while posing challenges to traditional practices, also present new opportunities for the Group to capitalise on this growing demand for sustainable timber products and certified wood materials, driven by green building standards and responsible sourcing initiatives.

Rising demand for certified wood and responsibly sourced timber products, spurred by green building standards, carbon reduction efforts and stricter compliance requirements position BTM Group favourably within the industry. The Group's longstanding presence and expertise in timber trading and manufacturing serve as a robust foundation to capitalise on these emerging trends.

This industry remains as a key driver of Malaysia's economic growth, having evolved from a traditional exporter of tropical logs to a global supplier of high value-added timber and wood-based products. This industry continues to undergo dynamic changes and faces complex challenges arising from both domestic and international market conditions. Despite uncertainties in the global economy, Malaysia has maintained its position as a major player in the international timber and timber products market. In 2024 alone, timber exports were valued at RM22.92 billion, which is a remarkable achievement that reinforces the country's standing as one of the world's leading exporters of premium-quality timber products. Major export products include furnitures worth RM9.89 billion (43% market share), plywood RM2.40 billion (11% market share), sawn timber RM2.05 billion (9% market share) and builder's and joinery carpentry RM1.32 billion (6% market share).

(Source: Malaysian Timber Industry Board, Ministry of Plantation and Commodities)

Malaysia's timber industry continues to be a key pillar of the national economy, delivering consistent export performance year after year. Over the past decade, it has recorded an average annual export value of RM21 billion, a testament to its enduring relevance and international demand. With timber products reaching over 160 countries and an average annual export value of RM21 billion, the industry continues to thrive through innovation and sustainable practices, securing its place as a trusted global leader in tropical timber and wood-based solutions. The outlook for the timber industry is supported by rising demand for sustainable timber products, the gradual recovery of the global construction sector, and Malaysia's ongoing efforts to diversify its export markets.

(Source: Malaysian Timber Council, Ministry of Plantation and Commodities)

In contrast, the wood pellet biomass industry has faced increasing scrutiny due to mounting concerns over its environmental credentials, including deforestation risks, high energy consumption in production and debates over its classification as a renewable energy source.

In view of the above trends towards wood biomass energy, BTM Group has reassessed its capital allocation strategy and identified an opportunity to improve its operational and financial position. By selling the Factory Building and the PME, BTM Group can monetise its investment in the Factory Building and utilise the Disposals Consideration for the repayment of the Settlement Sum. This settlement is expected to strengthen the Group's financial position through the reduction of existing debt obligations and improvement of its balance sheet.

As such, BTM intends to re-allocate RM7.59 million from the Rights Issue Proceeds to satisfy its working capital needs. In light of the favourable outlook of the Malaysian economy and timber industry in Malaysia, and the Group's efforts to improve its financial performance and plans to grow its prospects as detailed above, the Board is of the view that the future prospects of BTM Group remain positive, supported by its existing timber operations and the Group's proactive steps to diversify into new business areas. The Group continues to strengthen its capabilities in timber manufacturing and trading while exploring new revenue-generating opportunities through strategic acquisitions. In addition, the reallocation of resources of approximately RM12.00 million into new business venture is anticipated to contribute positively to the Group's revenue and profitability in the medium to long term. This expectation is supported by the projected demand growth within the targeted business segment, the potential recurring income, and the Group's ability to leverage its existing expertise. This strategic shift is expected to enhance shareholders' value, strengthen the Group's sustainability profile and reposition BTM as a forward-looking and diversified business.

A summary of the historical financial information of the Group for the audited FYE 31 December 2022, FYE 31 December 2023 and 18M-FPE 30 June 2025 is presented in **Appendix III** of this Circular.

BTM Group's financial performance by operating segments for the past 3 financial years are as follows:

	Audited		
	FYE 31 December 2022 (RM)	FYE 31 December 2023 (RM)	18M-FPE 30 June 2025 <sup>(1)</sup> (RM)
Sale of timber products	4,028,935	138,501	1,962,999
Sale of wood pellets	4,065,954	2,745,480	261,840
Sale of logs	-	4,144,422	6,701,082
Others	156,000	156,000	178,750
<b>Total revenue</b>	<b>8,250,889</b>	<b>7,184,403</b>	<b>9,104,671</b>

Note:

- (1) The Company had on 30 December 2024 announced the change in its financial year end from 31 December to 30 June.

For the FYE 31 December 2022, the Group recorded total revenue of RM8.25 million, mainly attributable to the sale of timber products and wood pellets, which contributed RM4.03 million and RM4.07 million respectively.

For FYE 31 December 2023, total revenue declined to RM7.18 million. The decrease was primarily due to lower sales of timber products, reflecting subdued market demand and operational adjustments during the financial year. The decline was partially offset by revenue from the sale of logs amounting to RM4.14 million, as well as contributions from the sale of wood pellets of RM2.75 million.

In 18M-FPE 30 June 2025, the Group's total annualised revenue further reduced to RM6.07 million. The annualised revenue was mainly derived from the sale of logs amounting to RM4.47 million, followed by the sale of timber products of RM1.31 million. Annualised revenue from the sale of wood pellets amounted to RM0.17 million, reduced largely as compared to RM2.75 million in FYE 31 December 2023.

The changes in the revenue mix over the financial years/ period under review reflect the Group's ongoing efforts to align its operations with market demand and to optimise its revenue streams, subject to prevailing market conditions and operational considerations.

Premised on the above, the Board (save for the Interested Director) believes that the Proposed Disposals are in the best interest of BTM Group after taking into consideration the benefits arising from the settlement of the Settlement Sum which will enable the Group to realign its financial resources, improve its financial position, and in turn, enhance shareholders' value in BTM in the long term. With its strengthened focus on timber manufacturing and trading, BTM Group is confident in its ability to deliver greater value to shareholders and contribute meaningfully to sustainable development goals over the long term.

(Source: The Management)

#### 6.4 Steps taken or to be undertaken by the BTM Group to improve its financial situation

The Group's financial performance over the past three years reflects the challenging operating environment within the timber industry, including fluctuating raw material costs and competitive market pressures. In response, the Management has undertaken the following steps to improve its financial performance and strengthen its financial position:

- (i) undertaking the Proposed Disposals, as detailed in this Circular, is a key component of the Group's strategy to enhance its operational and financial performance.  
The proceeds from the Proposed Disposals will be applied towards the settlement of existing liabilities, thereby improving the Group's balance sheet and enabling the reallocation of capital for future growth initiatives;

- (ii) ceasing the development of the Biomass Power Plant project. Following a reassessment of the evolving environmental and economic conditions within the wood pellet biomass industry, the Board resolved to abort the Biomass Power Plant project through relinquishment of the 1st Feed-in Approval and 2nd Feed-in Approval, thereby allowing capital to be redeployed more effectively towards strengthening the Group's core business;
- (iii) implementing tighter cost-control and efficiency-enhancement measures, including stricter procurement controls, review of supplier contracts, optimisation of production scheduling to reduce idle time, and rationalisation of non-essential administrative and overhead expenses to improve resource utilisation; and
- (iv) strengthening cash-flow management through closer monitoring of receivables and payables, tightening credit management policies, prioritising cash-flow-positive operations, and adopting a more cautious approach to capital expenditure commitments. These measures are intended to improve liquidity and ensure adequate working capital for day-to-day operations.

The Board will continue to assess and pursue strategic opportunities that align with the core strengths and market trends. In view of the steps undertaken as abovementioned, the Board is confident that these initiatives will contribute positively to the Group's financial recovery and long-term sustainability. Moving forward, the Group intends to focus on the following:

- (i) capitalising on the increasing demand for certified and sustainable timber products by leveraging its industry expertise to enhance product offerings, improve operational efficiencies and increase profitability;
- (ii) subject to shareholders' approval of the Proposed Variation, the Group will evaluate potential acquisition(s) or investment(s) in synergistic or new businesses with the aim of broadening income sources, enhancing profitability and supporting the Group's long-term sustainability;
- (iii) continuing to review and diversify its business portfolio, including exploring opportunities in adjacent or complementary sectors within natural resources with the objective of reducing reliance on the timber segment and improving earnings resilience; and
- (iv) investing in process improvements and operational upgrades, such as adoption of more modern equipment and enhancement of workforce productivity through training and competency-development initiatives, to support long-term cost management and operational effectiveness.

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## 7. EFFECTS OF THE PROPOSALS

The Proposed Variation will not have any effect on the issued share capital, substantial shareholders' shareholding, NA and EPS of the Group.

As at the LPD, the Company does not have any outstanding convertible securities or options save for the existing Warrants C. The Proposed Variation will not result in any adjustment to the exercise price and/or number of the existing Warrants C.

The Board expects that the Proposed Disposals and Proposed Share Capital Reduction would contribute positively to the future earnings, EPS and NA of BTM Group. In addition, the Proposed Variation is expected to contribute positively to the future earnings of the Group as and when the benefits of the revised utilisation of the Rights Issue Proceeds are realised.

### 7.1 Share capital

The pro-forma effects of the Proposed Share Capital Reduction on the issued share capital of the Company as at the LPD are illustrated as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	1,256,486,718	97,895,077	1,256,486,718	97,895,077
Assuming all Warrants C are exercised	-	-	307,190,331 <sup>(1)</sup>	30,719,033
To be cancelled pursuant to the Proposed Share Capital Reduction	1,256,486,718	97,895,077	1,563,677,049	128,614,110
	-	(80,000,000) <sup>(2)</sup>	-	(80,000,000) <sup>(2)</sup>
<b>After the Proposed Share Capital Reduction</b>	<b>1,256,486,718</b>	<b>17,895,077</b>	<b>1,563,677,049</b>	<b>48,614,110</b>

Notes:

- (1) Assuming all 307,190,331 outstanding Warrants C are exercised into new 307,190,331 new Shares at the exercise price of RM0.10 each; and
- (2) After setting off RM80.0 million from the Company's accumulated losses due to the cancellation of the Company's issued share capital in relation to the Proposed Share Capital Reduction.

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## 7.2 NA and gearing

Based on the latest audited consolidated statements of financial position of the Group as at 30 June 2025, the pro forma effects of the Proposed Factory Building Disposal, Proposed PME Disposal and Proposed Share Capital Reduction on the NA, NA per Share and gearing of the Group are as follows:

### Minimum Scenario

	(Audited)	(I)	(II)	(III)	(IV)
	As at 30 June 2025	As at the LPD	After (I) and Proposed Factory Building Disposal <sup>(1)</sup>	After (II) and Proposed PME Disposal <sup>(1)</sup>	After (III) and the Proposed Share Capital Reduction
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Share capital	97,895	97,895	97,895	97,895	17,895
Revaluation reserve	15,504	15,504	15,504	15,504	15,504
Warrant reserves	20,612	20,612	20,612	20,612	20,612
(Accumulated losses) / Retained earnings	(78,883) <sup>(1)</sup>	(78,883)	(78,883)	(78,883)	1,017 <sup>(2)</sup>
<b>Shareholders' funds/ NA</b>	<b>55,128</b>	<b>55,128</b>	<b>55,128</b>	<b>55,128</b>	<b>55,028</b>
No. of Shares in issue ('000)	1,256,487	1,256,487	1,256,487	1,256,487	1,256,487
NA per Share (RM)	0.04	0.04	0.04	0.04	0.04
Total borrowings (RM'000)	606	606	606	606	606
Gearing (times)	0.01	0.01	0.01	0.01	0.01

Notes:

- (1) The effect of the loss on disposal of the Factory Building and PME had been included in audited financial statements of the Company as at 30 June 2025 even though the SPA is dated 12 September 2025. This is due to the Group has provided impairment loss amounted to RM3.48 million for the Factory Building (of RM1.48 million) and PME (of RM2.00 million) to write down the carrying amounts to their recoverable amounts as a result of the Proposed Disposals.

Pursuant to Malaysian Financial Reporting Standards 136, an entity is required to assess at each reporting date whether there is any indication that an asset may be impaired and, if so, measure its recoverable amount, defined as the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In this case, the recoverable amounts were determined based on FVLCD, as no reliable VIU estimates were available. The impairment losses of RM1.48 million for the Factory Building and RM2.00 million for the PME represent the difference between the carrying amounts of the assets and their recoverable amounts.

- (2) After setting off the Company's accumulated losses due to the cancellation of the Company's issued share capital of RM80.00 million and deducting the estimated expenses of approximately RM0.10 million in relation to the Proposed Share Capital Reduction.

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### Maximum Scenario

	(Audited)	(I)	(III)	(III)	(IV)	(V)
	As at 30 June 2025	As at the LPD	After (I) and assuming full exercise of the Warrant C <sup>(2)</sup>	After (II) and Proposed Factory Building Disposal <sup>(1)</sup>	After (III) and Proposed PME Disposal <sup>(1)</sup>	After (IV) and the Proposed Share Capital Reduction
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Share capital	97,895	97,895	149,227	149,227	149,227	69,227
Revaluation reserve	15,504	15,504	15,504	15,504	15,504	15,504
Warrant reserves	20,612	20,612	-	-	-	-
(Accumulated losses) / Retained earnings	(78,883) <sup>(1)</sup>	(78,883)	(78,883)	(78,883)	(78,883)	1,017 <sup>(3)</sup>
<b>Shareholders' funds/ NA</b>	<b>55,128</b>	<b>55,128</b>	<b>85,848</b>	<b>85,848</b>	<b>85,848</b>	<b>85,748</b>
No. of Shares in issue ('000)	1,256,487	1,256,487	1,563,677	1,563,677	1,563,677	1,563,677
NA per Share (RM)	0.04	0.04	0.05	0.05	0.05	0.05
Total borrowings (RM'000)	606	606	606	606	606	606
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01

#### Notes:

- (1) The effect of the loss on disposal of the Factory Building and PME had been included in audited financial statements of the Company as at 30 June 2025 even though the SPA is dated 12 September 2025. This is due to the Group has provided impairment loss amounted to RM3.48 million for the Factory Building (of RM1.48 million) and PME (of RM2.00 million) to write down the carrying amounts to their recoverable amounts as a result of the Proposed Disposals.

Pursuant to Malaysian Financial Reporting Standards 136, an entity is required to assess at each reporting date whether there is any indication that an asset may be impaired and, if so, measure its recoverable amount, defined as the higher of FVLCD and VIU. In this case, the recoverable amounts were determined based on FVLCD, as no reliable VIU estimates were available. The impairment losses of RM1.48 million for the Factory Building and RM2.00 million for the PME represent the difference between the carrying amounts of the assets and their recoverable amounts.

- (2) Assuming all 307,190,331 outstanding Warrants C are exercised into new 307,190,331 new Shares at the exercise price of RM0.10 each.
- (3) After setting off the Company's accumulated losses due to the cancellation of the Company's issued share capital of RM80.00 million and deducting the estimated expenses of approximately RM0.10 million in relation to the Proposed Share Capital Reduction.

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### 7.3 Loss and loss per share

As set out in **Section 7.2** of Part A of this Circular, the effect of the loss on disposal of the Factory Building and PME had been included in audited financial statements of the Company as at 30 June 2025 even though the SPA is dated 12 September 2025. This is due to the Group has provided impairment loss amounted to RM3.48 million for the Factory Building (of RM1.48 million) and PME (of RM2.00 million) to write down the carrying amounts to their recoverable amounts as a result of the Proposed Disposals. Therefore, the Proposed Disposals are not expected to have any effects on the EPS for the FYE 30 June 2026.

For illustrative purposes, and assuming the transactions were undertaken as at the date of the SPA on 12 September 2025, the NBV of the Factory Building and the PME were based on the latest available audited financial statements as at 31 December 2023, prior to the execution of the SPA, as the audited financial statements for the financial period ended 30 June 2025 were not yet available at the point of execution of the SPA. Based on the Factory Building Disposal Consideration of RM4.00 million and the PME Disposal Consideration of RM0.50 million, BTM Group is expected to record a net loss on disposal of approximately RM1.77 million pursuant to the Proposed Factory Building Disposal and a net loss on disposal of approximately RM2.39 million pursuant to the Proposed PME Disposal as illustrated below:

#### Computation of net loss on disposal of the Factory Building:

	Amount (RM'000)
Factory Building Disposal Consideration	4,000
Less: NBV of the Factory Building as at 31 December 2023	(5,470)
<b>Gross loss on disposal of the Factory Building</b>	<b>(1,470)</b>
Less: Estimated expenses in relation to the Proposed Disposals	(300)
<b>Estimated net loss on disposal of the Factory Building</b>	<b>(1,770)</b>

#### Computation of net loss on disposal of the PME:

	Amount (RM'000)
PME Disposal Consideration	500
Less: NBV of the PME as at 31 December 2023	(2,893)
<b>Estimated net loss on disposal of the PME<sup>(1)</sup></b>	<b>(2,393)</b>

Note:

- (1) The estimated expenses associated with the Proposed PME Disposal have been accounted for under the overall estimated expenses relating to the Proposed Disposals, as reflected in the net loss on disposal of the Factory Building.

Based on the Company's audited consolidated financial statements for the FYE 31 December 2023 and assuming the Proposed Disposals had been completed at the beginning of the FYE 31 December 2023, the pro forma effects of the Proposed Disposals on the loss and loss per Share of BTM Group are as follows:

	(Audited) As at 31 December 2023	After the Proposed Factory Building Disposal	After the Proposed PME Disposal
Loss after-tax attributable to BTM (RM'000)	(19,950)	(21,720) <sup>(1)</sup>	(24,113) <sup>(2)</sup>
No. of issued BTM Shares as at the LPD ('000)	1,256,487	1,256,487	1,256,487
(Loss per Share) (Sen)	(1.59)	(1.73)	(1.92)

Notes:

- (1) After incorporating the estimated net loss on disposal of the Factory Building of approximately RM1.77 million.
- (2) After incorporating the estimated net loss on disposal of the PME of approximately RM2.39 million.

Nevertheless, the Proposed Disposals are expected to contribute positively to the earnings of the BTM Group in the future from the benefits of the settlement of the Settlement Sum as stated in Sections **2.11** and **2.13** of Part A of this Circular.

## 8. HISTORICAL SHARE PRICES

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

	<b>High (RM)</b>	<b>Low (RM)</b>
<b><u>2025</u></b>		
January	0.050	0.045
February	0.050	0.040
March	0.050	0.040
April	0.050	0.035
May	0.045	0.035
June	0.040	0.030
July	0.040	0.020
August	0.030	0.025
September	0.035	0.025
October	0.030	0.025
November	0.035	0.025
December	0.040	0.030

The last transacted market price of the BTM Shares on 10 November 2025 (being the last trading date prior to the announcement of the Proposed Share Capital Reduction) was RM 0.030.

Last transacted market price on 24 December 2025 (being the LPD prior to the printing of this Circular) was RM0.040 per BTM Share.

(Source: Bloomberg Finance L.P.)

## 9. APPROVALS REQUIRED

The Proposals are subject to the approvals from:

- (i) the Shareholders at the EGM to be convened, for the Proposals; and
- (ii) any other relevant authorities, if required.

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratios applicable to the aggregate value of the Proposed Disposals is 11.36%, calculated based on the aggregate net book values of the Factory Building and the PME as at 31 December 2023 of RM8.36 million over the consolidated NA of BTM of approximately RM73.62 million as at 31 December 2023.

The Proposed Variation entails the variation of more than 25% of the total proceeds raised from the Rights Issue of RM73.73 million (i.e., RM19.59 million or approximately 26.56% for the Proposed Variation. Together with the 1st Variation and 2nd Variation, the total amount is approximately RM25.11 million or 34.06%), it is deemed a material change to the utilisation of the Rights Issue Proceeds in accordance with Paragraph 8.22(2)(a) of the Listing Requirements.

## 10. CONDITIONALITY OF THE PROPOSALS

The Proposed Disposals, Proposed Variation, and the Proposed Share Capital Reduction are not inter-conditional with each other. It is the intention of the Company to implement the Proposed Variation first, followed by the Proposed Disposals and subsequently the Proposed Share Capital Reduction.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

## 11. CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, the Board confirm that there is no corporate proposal which the Company has announced but not yet completed prior to the printing of this Circular.

## 12. TRANSACTIONS WITH THE SAME RELATED PARTIES

Save for the Proposed Disposals and recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of BTM Group which have been approved by the Company's shareholders at its 29th annual general meeting held on 27 June 2023, there are no other transactions between BTM Group and the related parties for the preceding 12 months up to the LPD.

## 13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Company's directors, Major Shareholders, chief executive and/or persons connected with them have any interest, direct and/or indirect in the Proposals.

Dato' Seri Yong, the Managing Director and Major Shareholder of BTM, is deemed interested in the Proposed Disposals in view that he is also the Director and sole shareholder of Gimzan.

As at the LPD, the shareholdings of the Interested Director and Interested Major Shareholder and persons connected with them in BTM are set out as follows:

	Direct interest		Indirect interest	
	No. of BTM Shares	%	No. of BTM Shares	%
<b><u>Interested Director and Interested Major Shareholder</u></b>				
Dato' Seri Yong	85,244,181	6.78	113,909,408 <sup>(1)</sup>	9.07
<b><u>Persons connected with Interested Director and Interested Major Shareholder</u></b>				
Datin Seri Ng Ah Heng	62,500,099	4.97	-	-
Yong Emmy	51,274,809	4.08	-	-
Yong Ellen	108,300	-	-	-
Yong Hin Siong	26,200	-	-	-
Chai Owi Yok	12,000	-	1,217,099 <sup>(2)</sup>	0.10
MMSB	1,217,099	0.10	-	-

Notes:

- (1) Deemed interested by virtue of the shareholding of his spouse, Datin Seri Ng Ah Heng and the shareholding of his children, Yong Hin Siong, Yong Emmy and Yong Ellen pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of her interest in MMSB pursuant to Section 8 of the Act.

In view of the interests of the Interested Director and the Interested Major Shareholder, the Proposed Disposals are deemed related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, the Interested Director has abstained and will continue to abstain from deliberating and voting at the Board meetings of the Company in relation to the Proposed Disposals.

The Interested Director and Interested Major Shareholder will abstain and have undertaken to ensure that persons connected to them (if any) will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposed Disposals to be tabled at the EGM to be convened for the Proposed Disposals.

#### **14. DIRECTORS' STATEMENT AND RECOMMENDATION**

After having considered all aspects of the Proposals, including their rationale and benefits, the basis and justification for the Disposals Consideration, the terms of the SPA, the risk factors and the effects as well as the views of DWA Advisory in relation to the Proposed Disposals, the Board (save for the Interested Director in relation to the Proposed Disposals) is of the opinion that the Proposals are in the best interests of the Company. Accordingly, the Board (save for the Interested Director in relation to the Proposed Disposals) recommends that shareholder to vote **in favour** of the resolutions in respect of the Proposals to be tabled at the forthcoming EGM.

#### **15. INDEPENDENT ADVISERS**

The Proposed Disposals are related party transactions pursuant to Paragraph 10.08(2) of the Listing Requirements in view of the Interested Director and the Interested Major Shareholder as set out in **Section 13** of Part A of this Circular.

Accordingly, DWA Advisory has been appointed on 22 October 2024 as the Independent Adviser to:

- (i) provide an independent evaluation on the Proposed Disposals and to form an opinion as to:
  - (a) whether the Proposed Disposals are fair and reasonable insofar as the non-interested Shareholders are concerned; and
  - (b) whether the Proposed Disposals are to the detriment of the non-interested Shareholders and such opinion will set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion,
- (ii) advise the non-interested Shareholders on whether they should vote in favour of the resolutions pertaining to the Proposed Disposals to be tabled at the EGM to be convened; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in items (i) and (ii) above.

The IAL containing DWA Advisory's evaluations and recommendations on the Proposed Disposals are enclosed in Part B of this Circular. The Shareholders are advised to read and consider carefully the contents of the IAL before voting on the resolutions pertaining to the Proposed Disposals that will be tabled at the forthcoming EGM of the Company.

#### **16. AUDIT COMMITTEE'S STATEMENT**

The Audit Committee of the Company having considered all aspects of the Proposed Disposals, including the salient terms of the SPA, basis and justification of the Proposed Disposals, risk factors, rationale and effects of the Proposed Disposals as well as the views of DWA Advisory, is of the opinion that the Proposed Disposals are:

- (i) in the best interest of BTM Group;

- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested Shareholders.

## 17. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the 1<sup>st</sup> half of 2026.

The tentative timeline for the implementation of the Proposals is as follow:

<b>Tentative date</b>	<b>Events</b>
6 February 2026	EGM and completion of the Proposed Variation
1 <sup>st</sup> quarter of 2026	Completion of the Proposed Disposals
1 <sup>st</sup> quarter of 2026	Lodgement of documents to the Registrar of Companies for the Proposed Share Capital Reduction
2 <sup>nd</sup> quarter of 2026	Effective date of the Proposed Share Capital Reduction

## 18. EGM

The EGM, the notice of which is set out in this Circular, will be held and conducted at Andaman 1, Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 6 February 2026, at 11:00 a.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote on your behalf by completing, signing and returning the enclosed Proxy Form in accordance with the instructions provided therein.

The completed and signed Proxy Form must be deposited with the Share Registrar of the Company, Sectrars Management Sdn Bhd at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof.

The lodgement of the Proxy Form will not, however, preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

## 19. FURTHER INFORMATION

Shareholders are advised to refer to the **Appendices** set out in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board  
**BTM RESOURCES BERHAD**

**DATUK YAP WAI HONG**  
Executive Director

**PART B**  
**INDEPENDENT ADVICE LETTER TO NON-INTERESTED SHAREHOLDERS OF BTM IN**  
**RELATION TO THE PROPOSED DISPOSALS**

## EXECUTIVE SUMMARY

*All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the 'Definitions' section and Part A of the Circular except where the context otherwise requires or where otherwise defined in this IAL. All references to "you" are references to the non-interested shareholders while references to "we", "us" or "our" are to DWA Advisory, being the Independent Adviser for the Proposed Disposals. Any discrepancies in the tables included in this IAL between the amounts listed, actual figures and the total thereof are due to rounding.*

**This executive summary, highlighting the salient information of the Proposed Disposals, is intended to be a brief summary of this IAL prepared by DWA Advisory. The non-interested shareholders are advised to read this IAL carefully together with Part A of the Circular and the enclosed appendices, and to consider carefully the recommendation contained in this IAL before voting on the ordinary resolution to give effect to the Proposed Disposals at the forthcoming EGM of BTM.**

### 1. INTRODUCTION

On 12 September 2025 and 11 November 2025, on behalf of the Board, TA Securities announced that the Company proposed to undertake the following Proposals:

- (i) Proposed Disposals;
- (ii) Proposed Variation; and
- (iii) Proposed Share Capital Reduction.

As disclosed in **Section 10** of Part A of the Circular, we noted that the Proposed Disposals, Proposed Variation, and the Proposed Share Capital Reduction are not inter-conditional with each other. It is the intention of the Company to implement the Proposed Variation first, followed by the Proposed Disposals and subsequently the Proposed Share Capital Reduction. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

The Proposed Disposals are deemed related party transactions pursuant to Paragraph 10.08(2) of the Listing Requirements in view of the interests of the related parties as set out in **Section 13** of Part A of the Circular. Accordingly, the Board (save for the Interested Director) had on 22 October 2024 appointed DWA Advisory as the Independent Adviser to advise the non-interested Shareholders in relation to the Proposed Disposals.

The purposes of this IAL are to provide the non-interested Shareholders with an independent evaluation on:

- (i) the fairness and reasonableness of the Proposed Disposals, in so far as the non-interested Shareholders are concerned; and
- (ii) whether the Proposed Disposals are to the detriment of the non-interested Shareholders,

together with our recommendation on whether the non-interested Shareholders should vote in favour of the ordinary resolution pertaining to the Proposed Disposals to be tabled at the forthcoming EGM of BTM. DWA Advisory's evaluation and recommendation are subject to the scope and limitation of our role as specified herein.



## 2. EVALUATION OF THE PROPOSED DISPOSALS

In forming our opinion to the non-interested Shareholders, we have considered the following factors in our evaluation of the Proposed Disposals.

Section in the IAL  (Area of evaluation)	Our evaluation
<b>Section 6.1</b>	The Proposed Disposals would provide the following benefits:
Rationale for the Proposed Disposals	<p>(i) <b>Present an opportunity to monetise its investments in the Factory Building and the PME and exit from a non-viable business segment</b></p> <p>The Proposed Disposals present an opportunity for BTM Group to monetise its investments in the Factory Building and PME, which are currently utilised for its wood pellet manufacturing operations, through the settlement of the Settlement Sum. As the Disposals Consideration will be fully settled via set-off against the Settlement Sum (being the net advances previously extended to BTMBP by MMSB, person connected with the Interested Director and Interested Major Shareholder), the Proposed Disposals will also allow the Group to settle the outstanding advances due to Gimzan without utilising its cash resources or requiring any borrowings. For clarity, MMSB and Gimzan had on 12 September 2025, entered into a debt assignment agreement, to mutually agreed for Gimzan to assume all of its rights and interests in the outstanding advances amounting to RM4.50 million owing by BTMBP.</p> <p>We noted that the Disposals Consideration of RM4.50 million is expected to result in an estimated net loss of RM4.16 million for the Factory Building (approximately RM1.77 million) and PME (approximately RM2.39 million), reflecting the difference between their net book value as at 31 December 2023 and the Disposals Consideration, which was based on the market value of the Factory Building and PME as ascribed by the Valuer. The valuation had considered, among others, the age, state and conditions of the Assets, with necessary adjustments to reflect for various forms of obsolescence of the Assets. For further details on the basis to arrive at the market value of the Assets, please refer to <b>Section 6.2.1</b> of this IAL and the valuation certificate as appended in <b>Appendix II</b> of the Circular. We also noted that the Factory Building is being disposed of without the underlying land, as the building stands on tenanted land not owned by the Group. Typically, the disposal of a building together with its underlying land would generate a higher disposal consideration, as the land component generally appreciates over time.</p> <p>The Proposed Disposals will also enable the Group to mitigate the risk of non-renewal of the land lease, thereby reducing potential operational and financial uncertainties associated with continued occupation of the leased property.</p>

Section in the IAL  (Area of evaluation)	Our evaluation
	<p>The Proposed Disposals are consistent with the Group's strategic initiative to scale down and ultimately exit the wood pellet business, which has faced persistent challenges in recent years. Having commenced operations in 2017, the segment was once a main contributor to revenue but has since recorded a substantial decline, with revenue contracting by approximately 32.5% from FYE 2022 to FYE 2023, and a further 90.5% in the 18M-FPE 30 June 2025. The segment's performance deterioration has been driven by operational inefficiencies, rising raw material costs, and limited long-term commercial viability. We noted from the valuation report that the PME currently operate only intermittently (two to three times per week) due to raw material constraints particularly scarcity of supply of waste wood used for production of wood pellets indicating that the facilities are not being fully utilised.</p> <p>Exiting the wood pellet manufacturing business enables the Group to unlock and redeploy capital from low-yielding and non-viable business, thereby improving financial flexibility and allowing the Management to refocus resources on its core and sustainable business segments. This strategic realignment supports BTM Group's long-term growth trajectory, enhances operational efficiency, and reinforces its commitment to strengthening the Group's core timber-related businesses.</p> <p>(ii) <b>Strengthen Financial Position and Preserve Cash for Core Operations</b></p> <p>Following the Group's strategic decision to exit the non-core wood pellet business and monetise its investments in the Factory Building and PME, the settlement of the Settlement Sum arising from the Proposed Disposals will further strengthen the Group's financial position by reducing outstanding obligations and improving its balance sheet. Importantly, this arrangement allows the Group to preserve its existing cash reserves, which can instead be channelled towards supporting its core businesses of sawmilling and trading of sawn timber, plywood, and logs.</p> <p>By reinforcing its liquidity and capital structure, BTM Group will be better positioned to optimise its core timber operations and maintain a strong competitive foothold in the Malaysian timber industry. The improved financial standing is also expected to enhance the Group's resilience to market fluctuations and provide greater flexibility for future expansion or investment opportunities.</p> <p><b>Premised on the above, we view that the rationale for the Proposed Disposals is reasonable and not detrimental to the interest of the non-interested Shareholders.</b></p>

Section in the IAL  (Area of evaluation)	Our evaluation
<p><b>Section 6.2</b></p> <p>Evaluation of the Disposals Consideration</p>	<p><b>1. Basis and justification for the Disposals Consideration</b></p> <p>We noted that the Disposals Consideration of RM4.50 million was arrived at on a “willing-buyer willing-seller” basis between the Vendor and Purchaser, after taking into consideration, among others, the appraisal by the Valuer via its Valuation Report using the Cost Approach and the market value of the PME of approximately RM0.66 million as appraised by the Valuer via its valuation report for the PME dated 12 September 2025, and a mutually agreed discount of approximately RM0.16 million.</p> <p><u>Market value of the Factory Building</u></p> <p>We noted from the Valuation Report that the Valuer adopted the Cost Approach which involved adding the market value of the Land which was determined by comparison with similar lands recently transacted to the replacement cost of the Factory Building.</p> <p><b>Since the Land is rented by BTMBP and does not form part of the Factory Building Disposal Consideration, we are only reviewing the replacement cost method represents the basis at arriving to the market value of the Factory Building.</b></p> <p>In determining the market value of the Factory Building using the replacement cost, the Valuer adopted current estimates on construction costs to build similar kind and design building using current market prices for materials, labour and construction techniques with necessary adjustments such as physical deterioration, functional obsolescence, and economical obsolescence.</p> <p>The Valuer has referred to the JUBM Group Construction Cost Handbook Malaysia 2024 as a benchmark, which indicates construction costs for a single-storey conventional factory with structural steelwork ranging from RM138 to RM194 per square foot.</p> <p>In deriving the market value of the Factory Building, the Valuer made appropriate adjustments to the cost rate, taking into consideration that the Factory Building is a partially open-sided structure. Accordingly, the Valuer adopted a cost rate of RM100 per square foot for the factory, warehouse, and office areas (totalling 77,444 square feet) and applied a 50% discount to the ancillary floor areas (such as covered walkways and terrace sections with open-sided walls) totalling 3,510 square feet, on the basis that these areas incur lower construction costs due to their simpler design and reduced functional utility compared to the main building areas.</p> <p>We noted that the Factory Building of approximately 6 years old, was observed by the Valuer to be in a fair state of repair during the inspection. The Valuer therefore has made further adjustment of 50% depreciation to reflect the following forms of obsolescence:</p>

Section in the IAL  (Area of evaluation)	Our evaluation
	<p>(i) physical obsolescence of the Factory Building arising from the rapid physical deterioration to the steelwork structures due to wear and tear. While open-sided construction typically has lower initial construction cost, it would also accelerate deterioration due to exposure to rain/humidity/ultraviolet rays/sawdust, leading to shorter effective life and higher lifecycle maintenance warranting a functional discount in addition to physical wear;</p> <p>(ii) functional obsolescence of the Factory Building arising from the design limitations, particularly the open-sided wall structure whereby it reduces flexibility of use, provides limited environmental protection for machinery and materials, and may not meet the operational standards or regulatory requirements of alternative industrial uses; and</p> <p>(iii) economic obsolescence of the Factory Building as the Factory Building is tailored to wood pellet production and may not be easily adaptable or attractive to a broader pool of other industrial users.</p> <p>We are of the view that the 50% further adjustment for depreciation is justifiable as it reflects the combined effect of accelerated wear and tear, design limitations, and limited market appeal specific to the Factory Building. This adjustment was made following the Valuer's inspection, which noted that the building is partially open-sided, reducing functional utility and increasing maintenance requirements, while also limiting its suitability for a broad range of industrial users. Based on the Valuer's assessment and opinions, the 50% depreciation adjustment appears reasonable in the context of specialised or non-standard industrial buildings with multiple forms of obsolescence.</p> <p>Accordingly, the Valuer ascribed the market value of RM4.00 million for the Factory Building</p> <p><u>Market value of the PME</u></p> <p>We noted from the valuation report for PME dated 12 September 2025 that the basis of valuation for the PME is based on the market value using "ex-situ value" basis, where the PME are valued for removal from the Factory Building, with the following assumptions:</p> <p>(i) the PME would be available for sale as a whole for removal from the premises at the expense of the Purchaser;</p> <p>(ii) the PME are free from import taxes and duties; and</p> <p>(iii) all costs of sale are excluded.</p> <p>We further noted from the valuation report for the PME that the Valuer opined the time limit for removal is approximately three (3) months.</p>

Section in the IAL  (Area of evaluation)	Our evaluation
	<p>We are of the view that the basis of valuation on “ex-situ value” for the PME adopted by the Valuer is justifiable as it aligned with guidelines for valuation of plant, machinery and equipment under the AVA Guidelines which provides the following:</p> <p><u>Paragraph 7.02 of the AVA Guidelines</u></p> <p><i>In determining the market value of plant, machinery and equipment (PME), the valuer must clearly qualify the circumstances in which the basis of valuation is made, for instance–</i></p> <ul style="list-style-type: none"> <li>(a) <i>as a whole for use in its working place;</i></li> <li>(b) <i>as a whole for removal from the premises at the expense of the purchaser; or</i></li> <li>(c) <i>as individual item(s)/piecemeal for removal from the premises at the expense of the purchaser.</i></li> </ul> <p><u>Paragraph 7.03 of the AVA Guidelines</u></p> <p><i>In cases where removal of the PME is envisaged, the following must be considered:</i></p> <ul style="list-style-type: none"> <li>(a) <i>Whether there is time limit for the removal, such as expiry of a lease on the land/buildings; and</i></li> <li>(b) <i>Whether there is any obligation to reinstate the building after the removal, and if so, whether this will be at the expense of the owner or purchaser.</i></li> </ul> <p>The Valuer adopted depreciated replacement cost (“DRC”) method to determine the market value of PME. Under this method, the DRC reflects the cost of replacing the plant, machinery, and equipment with new items, including expenses for installation, infrastructure, and professional fees, with allowances made for physical, functional, and economic obsolescence.</p> <p>We have taken note that the Valuer has only adopted the DRC method as it represents an appropriate and acceptable method of valuation for arriving at a market-related value of specialised assets and limited market for similar types of plant, machinery, and equipment, as observed during the inspection. Consideration has also been given to prevailing market conditions. The DRC method has been applied as there exists only a limited secondary market for the standard components of the assets, rendering the comparison approach inapplicable due to the absence of sufficient and reliable market comparables for similar types of plant, machinery, and equipment.</p> <p>Accordingly, the Valuer has ascribed the market value of the PME of RM0.655 million.</p>

Section in the IAL  (Area of evaluation)	Our evaluation
	<p>We are of the view that the adopted market value for the Factory Building and the PME which were derived from replacement cost method after making necessary adjustments, are fair, reasonable and most appropriate given their customised design and specified use.</p> <p><u>Disposals Consideration</u></p> <p>We noted that the Disposals Consideration of RM4.50 million which represents a discount of approximately RM0.16 million or 3.43% to the total market value of the Factory Building and the PME of approximately RM4.66 million, was mutually agreed between the Vendor and the Purchaser. We concur with the Board's opinion (save for the Interested Director) that the discount is justifiable after considering the following factors:</p> <ul style="list-style-type: none"> <li>(i) the Management was not able to identify any other potential buyer for the PME;</li> <li>(ii) in the event that the PME is not disposed of together with the Factory Building to the Purchaser, the Group would incur additional costs to disassemble, remove, and relocate the PME to other facilities owned or leased by the Group, which may further reduce its market value; and</li> <li>(iii) the Proposed Disposals provide the Group with an opportunity to realise the value of its investments in the Factory Building, including the PME, while also reducing its outstanding debt obligations to the Purchaser through the settlement of the Settlement Sum by way of set-off against the Disposals Consideration.</li> </ul> <p><b>Premised on the above, we are of the view that the basis and justification for the Disposals Consideration are fair and not detrimental to the interest of the non-interested Shareholders.</b></p> <p><b>2. Evaluation of the Manner of Settlement</b></p> <p>As disclosed in <b>Section 2.13</b> of Part A of the Circular, the Disposals Consideration of RM4.50 million will be used to settle the Settlement Sum of RM4.50 million by way of set-off against the Disposals Consideration.</p> <p>We noted from <b>Section 2.11</b> of Part A of the Circular, the Settlement Sum of RM4.50 million represents the outstanding advances received by BTMBP from MMSB as financial support between April 2024 and May 2024 in the form of cash. We noted that during the said period, BTMBP had experienced temporary liquidity constraints in meeting its working capital requirements, primarily due to low sales recorded during the period from October 2023 to March 2024, which resulted in insufficient cash inflows to meet its operating expenses. To address its financial requirements in a timely and cost-effective manner, BTMBP opted to obtain advances from MMSB, a company related to its Managing Director and Major Shareholder namely Dato' Seri Yong, instead of securing bank borrowings.</p>

Section in the IAL  (Area of evaluation)	Our evaluation
	<p>The advances were extended without interest charges and without fixed repayment terms, allowing BTMBP to repay only when its cash flow permits. This arrangement provided BTMBP with immediate funding to meet its short-term obligations and operational needs while avoiding additional financing costs.</p> <p>The advances were opted by BTMBP were timely and deemed necessary as it help to address the shortfall in meeting its working capital requirements amid temporary liquidity constraint. The alternative option of securing bank borrowings would not only have been a potentially time-consuming process but would also have incurred interest charges and fixed repayment obligations, which could further strain its operational cash flows.</p> <p>It was noted that the advances were primarily utilised for working capital purposes, including related repayments, as reflected by the allocations towards trade and other payables, repayment of earlier advances, staff-related expenses and general administrative expenses.</p> <p>We concur with the Board (save for the Interested Director) that the advances extended by MMSB to BTMBP is in the best interest of the Group in view that the advances were provided at the terms acceptable to both parties without any interest payments or repayment term at the request of MMSB, whereby BTMBP will only make payment as and when BTMBP is able to do so.</p> <p>The settlement of the Disposals Consideration through the set-off of the Settlement Sum enables the Group to eliminate a sizeable outstanding amount due without incurring new borrowings that would attract interest expenses, and without issuing new shares that would dilute the interests of the non-interested Shareholders.</p> <p>Although the advances are interest-free and do not carry any fixed repayment terms, the early settlement via set-off of the Disposals Consideration enables the Group to strengthen its financial position by reducing outstanding obligations and improving its balance sheet. It also minimises potential risks associated with keeping the advances outstanding, including the possibility of the lender requesting repayment, which could place undue financial pressure on the Group.</p> <p><b>Premised on the above, we are of the view that the settlement of Disposals Consideration via set-off of Settlement Sum is fair and not detrimental to the interest of the non-interested Shareholders.</b></p>
<b>Section 6.3</b>  Evaluation of the salient terms of the SPA	Based on our review of the salient terms of the SPA, <b>we are of the view that the overall terms and conditions of the said agreement are reasonable and not detrimental to the interest of the non-interested Shareholders.</b>

Section in the IAL  (Area of evaluation)	Our evaluation
Section 6.4	The pro forma effects of the Proposed Disposals are as follows:
Effects of the Proposed Disposals	<p data-bbox="467 495 1423 517"><b>(i) Issued share capital and substantial shareholders' shareholdings</b></p> <p data-bbox="544 557 1423 651">The Proposed Disposals will not have any effect on the share capital and substantial shareholders' shareholdings of BTM as the Proposed Disposals do not involve any issuance of new BTM Shares.</p> <p data-bbox="467 692 1423 714"><b>(ii) NA and gearing</b></p> <p data-bbox="544 754 1423 848">The Proposed Disposals will not have any effect on the Group's NA as at LPD as the effect had been included in audited financial statements of the Company and the pro forma NA per share will remain at RM0.04 per Share.</p> <p data-bbox="544 889 1423 983">The Proposed Disposals will not have any effect on the pro forma gearing of BTM Group as it does not involve incurring new borrowing or settlement of existing borrowings.</p> <p data-bbox="467 1023 1423 1046"><b>(iii) Loss and loss per share</b></p> <p data-bbox="544 1086 1423 1337">We noted that the effect of the loss on disposal of the Factory Building and PME had been affected in audited financial statements of the Company as at 30 June 2025 even though the SPA is dated 12 September 2025. This is due to the Group has provided impairment loss amounted to RM3.48 million for the Factory Building (of RM1.48 million) and PME (of RM2.00 million) to write down the carrying amounts to their recoverable amounts as a result of the Proposed Disposals. Therefore, the Proposed Disposals are not expected to have any effects on the EPS for the FYE 30 June 2026.</p> <p data-bbox="544 1377 1423 1727">For illustrative purpose and assuming the transactions was undertaken as at the date of the SPA of 12 September 2025, the NBV of the Factory Building and the PME were based on the latest available audited financial statements as at 31 December 2023, prior to the execution of the SPA, as the audited financial statements for the financial period ended 30 June 2025 were not yet available at the point of execution of the SPA. Based on the Factory Building Disposal Consideration of RM4.00 million and the PME Disposal Consideration of RM0.50 million, BTM Group is expected to record a net loss on disposal of approximately RM1.77 million pursuant to the Proposed Factory Building Disposal and a net loss on disposal of approximately RM2.39 million pursuant to the Proposed PME Disposal.</p> <p data-bbox="544 1767 1423 1861">Notwithstanding that, the Proposed Disposals are expected to contribute positively to the earnings of BTM Group in the future as stated in <b>Sections 5.1 and 6.3</b> of Part A of the Circular, respectively.</p>



Section in the IAL (Area of evaluation)	Our evaluation
	<p><b>(iv) Convertible securities</b></p> <p>We noted that as at the LPD, save for the existing Warrants C, BTM does not have any convertible securities or options.</p> <p><b>Premised on the above, we are of the view that the overall effects arising from the Proposed Disposals are not detrimental to the non-interested Shareholders.</b></p>
<b>Section 6.5</b> Industry outlook and prospects	Overall, the Group's outlook remains positive, supported by favourable long-term prospects for Malaysia's timber industry and the Group's efforts to strengthen its financial position, streamline operations, and diversify revenue sources. The realignment of resources and renewed focus on the timber business are expected to reinforce the Group's competitive positioning, while its strategic diversification may contribute positively to long-term shareholder value and sustainability objectives.
<b>Section 6.6</b> Risk factors for the Proposed Disposals	<p>In evaluating the Proposed Disposals, prior to voting on the resolution pertaining to the Proposed Disposals at the forthcoming EGM, non-interested Shareholders should carefully consider the risk factors, including but not limited to, risks relating to non-completion of SPA and compulsory acquisition by the Government.</p> <p>Non-interested Shareholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.</p>

Please refer to the respective sections in this IAL for further details of the above evaluations.

### 3. CONCLUSION AND RECOMMENDATION

Non-interested Shareholders should take into account all the merits and demerits of the Proposed Disposals based on all relevant and pertinent factors including those which are set out in the Circular, IAL, and other publicly available information.

Premised on the foregoing and our overall evaluation of the Proposed Disposals, DWA Advisory is of the opinion that the Proposed Disposals are **FAIR AND REASONABLE** and are **NOT DETRIMENTAL** to the interest of the non-interested Shareholders.

Accordingly, DWA Advisory recommends that the non-interested Shareholders **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposals at the forthcoming EGM.

The non-interested Shareholders are advised not to rely solely on the executive summary before forming an opinion on the Proposed Disposals.

The non-interested Shareholders are also advised to read this IAL carefully together with Part A of the Circular and the enclosed appendices, and to consider carefully the recommendation contained in this IAL before voting on the ordinary resolution to give effect to the Proposed Disposals at the forthcoming EGM.

**Registered office:**

E-2-1, Block E, Oasis Square  
No. 2, Jalan PJU 1A/7A  
Ara Damansara  
47301 Petaling Jaya  
Selangor Darul Ehsan

12 January 2026

**To: The Non-Interested Shareholders of BTM**

Dear Sir/Madam,

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF BTM IN RELATION TO THE PROPOSED DISPOSALS**

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*This IAL is prepared for inclusion as Part B of the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the 'Definitions' section and Part A of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to "we", "us" and "our" in this IAL are to DWA Advisory, being the Independent Adviser for the Proposed Disposals. Any discrepancies in the tables included in this IAL between the amounts listed, actual figures and the total thereof are due to rounding.*

**1. INTRODUCTION**

On 12 September 2025, on behalf of the Board, TA Securities announced that the Company proposed to undertake the following:

- (i) proposed disposal by BTMBP of the Factory Building to Gimzan for the Factory Building Disposal Consideration pursuant to the terms of the SPA;
- (ii) proposed disposal by BTMBP of the PME to Gimzan for the PME Disposal Consideration pursuant to the terms of the SPA; and
- (iii) proposed variation of the utilisation of proceeds raised from the Rights Issue.

On 19 September 2025, TA Securities announced on behalf of the Board the additional information in relation to the Proposed Disposals.

On 11 November 2025, TA Securities announced on behalf of the Board that the Company proposed to undertake the Proposed Share Capital Reduction.

As disclosed in **Section 10** of Part A of the Circular, we noted that the Proposed Disposals, Proposed Variation, and the Proposed Share Capital Reduction are not inter-conditional with each other. It is the intention of the Company to implement the Proposed Variation first, followed by the Proposed Disposals and subsequently the Proposed Share Capital Reduction. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

The Proposed Disposals are deemed related party transactions pursuant to Paragraph 10.08(2) of the Listing Requirements in view of the interests of the related parties as set out in **Section 13** of Part A of the Circular. Accordingly, the Board (save for the Interested Director) had appointed DWA Advisory as the Independent Adviser to advise the non-interested Shareholders in relation to the Proposed Disposals.

The purposes of this IAL are to provide the non-interested Shareholders with an independent evaluation on:

- (i) the fairness and reasonableness of the Proposed Disposals, in so far as the non-interested Shareholders are concerned; and
- (ii) whether the Proposed Disposals are to the detriment of the non-interested Shareholders,

together with our recommendation on whether the non-interested Shareholders should vote in favour of the ordinary resolution pertaining to the Proposed Disposals to be tabled at the forthcoming EGM of BTM. DWA Advisory's evaluation and recommendation are subject to the scope and limitation of our role as specified herein

**THE NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ THIS IAL CAREFULLY TOGETHER WITH PART A OF THE CIRCULAR AND THE ENCLOSED APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED IN THIS IAL AS WELL AS PART A OF THE CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSALS AT THE FORTHCOMING EGM.**

**THIS IAL IS SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF CONSIDERING THE PROPOSED DISPOSALS AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. DETAILS OF THE PROPOSED DISPOSALS**

The full details of the Proposed Disposals are set out in **Section 2** of Part A of the Circular and should be read in its entirety by the non-interested Shareholders.

## **3. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED DISPOSALS**

DWA Advisory was not involved in the formulation, deliberation and negotiation of the terms and conditions of the Proposed Disposals. DWA Advisory has also not undertaken any independent investigation into the business, affairs, operations, financial position or prospects of BTM.

Our scope as Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Disposals whether it is to the detriment of the non-interested Shareholders.

DWA Advisory is satisfied with the adequacy of information and documents provided by the Board and the Management in order for us to form the basis of our opinion. DWA Advisory wishes to highlight that the Board has collectively and individually confirmed to us that all relevant material facts and information critical to our evaluation have been disclosed to us. The Board has also accepted responsibility for the accuracy of the information provided to us by the Board, Management and/or its advisers which is reproduced herein and confirmed that, after making all reasonable enquiries and to the best of its knowledge and belief, there are no other information and/or facts, the omission of which would make any information provided to us misleading, incomplete or inaccurate.

In performing our evaluation, DWA Advisory has relied on the following sources of information and documents:

- (i) the information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the SPA dated 12 September 2025 entered into between BTMBP and Gimzan in relation to the Proposed Disposals;
- (iii) the Valuation Report dated 12 September 2025 for the Factory Building and valuation report dated 12 September 2025 for the PME, prepared by the Valuer pursuant to the Proposed Disposals;
- (iv) other relevant information, documents, confirmations and representations provided to us by the Board and Management;
- (v) discussions and consultation with the Management; and
- (vi) other publicly available information which we have deemed to be relevant.

DWA Advisory has relied on the Board and representatives of BTM to take due care and to ensure that all information, documents and representations provided to us by them to facilitate our evaluation of the Proposed Disposals are reasonable, reliable, accurate, valid, complete and free from material omission in all material aspects. DWA Advisory has made reasonable enquiries, and as at the date of this IAL, to the best of our knowledge and belief, the information provided and made available to us is reasonable and free from any material omission, and we have no reason to believe that such information is unreliable, incomplete, misleading and/or inaccurate. To that end, DWA Advisory is satisfied with the disclosures and sufficiency of the information in this IAL.

DWA Advisory has evaluated the Proposed Disposals and in rendering our advice, DWA Advisory has also considered various pertinent factors, which we believe are of relevance and general importance to the assessment of the Proposed Disposals, would be of relevance and general concern to the non-interested Directors and the non-interested Shareholders. This opinion is rendered solely for the benefit of the non-interested Directors and non-interested Shareholders.

DWA Advisory's evaluation and recommendations expressed herein are confined to the Proposed Disposals. DWA Advisory's scope as the Independent Adviser does not extend to expressing any opinion on the commercial merits, legal and tax implications arising from the Proposed Disposals, which remain the sole responsibility of the Board.

DWA Advisory's views and recommendations contained in this IAL are to the non-interested Directors and non-interested Shareholders at large and not to any non-interested Director or non-interested Shareholder individually. As such, in carrying out our evaluation, DWA Advisory has not given any consideration to any specific future plans nor to consider the specific objectives, financial situation and particular needs of any individual shareholder or specific group of shareholders.

DWA Advisory recommends that any individual non-interested Shareholder or any specific group of non-interested Shareholders who is in doubt of the action to be taken or require specific advice in relation to the Proposed Disposals, in the context of their individual objectives, financial situation and particular needs, to consult with their stockbrokers, bankers, solicitors, accountants or other professional advisers. DWA Advisory shall not be responsible for any damage or loss of any kind sustained or suffered by any individual non-interested Shareholder or any specific group of non-interested Shareholders in reliance on the opinion stated herein for any purpose whatsoever other than for the purpose of considering the Proposed Disposals at the forthcoming EGM.

After the dispatch of the Circular and this IAL, and until the date of the EGM, DWA Advisory will notify the non-interested Shareholders if we become aware of the following:

- (i) significant change affecting the information contained in the IAL;
- (ii) there is a reason to believe that the statements in the IAL are misleading/deceptive; and
- (iii) there is a material omission in the IAL.

#### **4. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE**

DWA Advisory confirms that there are no circumstances which exist or are likely to give rise to a possible conflict of interest situation for DWA Advisory to carry out the role as the Independent Adviser in relation to the Proposed Disposals.

Save for our current role as the Independent Adviser for the Proposed Disposals, DWA Advisory has not had any professional relationship with BTM at any time during the past two (2) years prior the date of this IAL.

DWA Advisory is an advisory firm incorporated in Malaysia and licensed by the SC (License No. CMSL/A0315/2013) to carry out the regulated activity of advising on corporate finance pursuant to section 58 of the CMSA. DWA Advisory has undertaken the role as an Independent Adviser for corporate exercises in the past three (3) years prior to the Proposed Disposals, which include the following:

- (i) related party transaction by CIC Construction Sdn Bhd, a wholly-owned subsidiary of Central Global Berhad, involving the acquisition of the remaining 30.00% equity interest in RYRT International Sdn Bhd from RYRT Holdings Sdn Bhd, where our independent advice letter was issued on 4 September 2023;
- (ii) exemption for Dato Ir. Tee Chai Seng and person acting in concert with him, from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares in TCS Group Holdings Berhad and warrants B not already owned by them pursuant to subparagraph 4.08(1)(b) of the Rules, where our independent advice letter was issued on 12 March 2024;
- (iii) unconditional mandatory take-over offer by KUB Malaysia Berhad through Maybank Investment Bank Berhad to acquire all the remaining ordinary shares in Central Cables Berhad not already owned by KUB Malaysia Berhad, where our independent advice circular was issued on 1 April 2024;
- (iv) unconditional mandatory take-over offer by Exsim Hospitality Holdings Sdn Bhd through AmInvestment Bank Berhad to acquire all the remaining ordinary shares in Pan Malaysia Holdings Berhad not already owned by Exsim Hospitality Holdings Sdn Bhd, as well as Lim Aik Hoe, Lim Aik Kiat and Lim Aik Fu, where our independent advice circular was issued on 8 April 2024;
- (v) unconditional mandatory take-over offer by Khidmat Kejora Sdn Bhd and Neo Pixel Sdn Bhd through M & A Securities Sdn Bhd to acquire all the remaining ordinary shares in Turiya Berhad not already owned by them, as well as Tan Sri Datuk Dr Mohan A/L M.K. Swami and Dato Sri Shamir Kumar Nandy, where our independent advice circular was issued on 27 May 2024;
- (vi) unconditional mandatory take-over offer by Wong Kok Wah and Chan Yoke Chun through KAF Investment Bank Berhad to acquire all the remaining ordinary shares in HLT Global Berhad not already held by Wong Kok Wah, Chan Yoke Chun and the persons acting in concert with them, where our independent advice circular was issued on 14 February 2025;

- (vii) selective capital reduction and repayment exercise of NPC Resources Berhad pursuant to Section 116 of the Companies Act 2016, where our independent advice letter was issued on 3 April 2025;
- (viii) exemption for Datuk Wong Sak Kuan, Lotus Essential Sdn Bhd and the persons acting in concert with them, from the obligation to undertake a mandatory take-over offer for the remaining Lotus Circular Berhad shares not already owned by them, upon issuance of Lotus Circular Berhad shares in relation to the acquisition by the company of the entire equity interest in Earthwise Resources Sdn Bhd and Expert Resource Management Sdn Bhd, where our independent advice letter was issued on 5 December 2025;
- (ix) related party transaction by RHB Trustee Berhad on behalf of UOA Real Estate Investment Trust involving the acquisition of three (3) commercial properties from Everise Project Sdn Bhd, where our independent advice letter was issued on 8 December 2025; and
- (x) exemption for Dato' Sri Lim Teck Boon and the persons acting in concert with him, from the obligation to undertake a mandatory take-over offer for the remaining Euro Holdings Berhad shares not already owned by them, upon issuance of Euro Holdings Berhad shares in relation related party acquisition by the company of a parcel of leasehold land together with 4 blocks of industrial buildings, settlement of debts and rights-issue of Euro Holding Berhad shares, where our independent advice letter was issued on 16 December 2025.

Premised on the foregoing, DWA Advisory is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders in relation to the Proposed Disposals.

## 5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

As stated in **Section 13** of Part A of the Circular, save as disclosed below, none of the other Directors, major Shareholders and/or persons connected with them have any interests, direct or indirect, in the Proposals:

- (i) Dato' Seri Yong, the Managing Director and Major Shareholder of BTM, is deemed interested in the Proposed Disposals in view that he is also the Director and sole shareholder of Gimzan.

As at the LPD, the shareholdings of the Interested Director and Interested Major Shareholder and persons connected with them in BTM are set out as follows:

	Direct interest		Indirect interest	
	No. of BTM Shares	%	No. of BTM Shares	%
<b><u>Interested Director and Interested Major Shareholder</u></b>				
Dato' Seri Yong	85,244,181	6.78	113,909,408 <sup>(1)</sup>	9.07
<b><u>Persons connected with Interested Director and Interested Major Shareholder</u></b>				
Datin Seri Ng Ah Heng	62,500,099	4.97	-	-
Yong Emmy	51,274,809	4.08	-	-
Yong Ellen	108,300	_*	-	-
Yong Hin Siong	26,200	_*	-	-
Chai Owi Yok	12,000	_*	1,217,099 <sup>(2)</sup>	0.10
MMSB	1,217,099	0.10	-	-

Notes:

\* Negligible

(1) Deemed interested by virtue of the shareholding of his spouse, Datin Seri Ng Ah Heng and the shareholding of his children, Yong Hin Siong, Yong Emmy and Yong Ellen pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of her interest in MMSB pursuant to Section 8 of the Act.

In view of the interests of the Interested Director and the Interested Major Shareholder, the Proposed Disposals are deemed related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, Dato' Seri Yong has abstained and will continue to abstain from all deliberating and voting at the Board meetings of the Company in respect of the Proposed Disposals. He will also abstain from voting in respect of his direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposed Disposals at an EGM to be convened. Further, Dato' Seri Yong will ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposed Disposals at an EGM to be convened.

## 6. EVALUATION OF THE PROPOSED DISPOSALS

DWA Advisory has assessed various aspects of the Proposed Disposals including the rationale and financial effects of the Proposed Disposals as their implications to the non-interested Shareholders. Hence, DWA Advisory's opinion on the fairness and reasonableness of the Proposed Disposals is rendered on a holistic approach. In forming our opinion to the non-interested Shareholders, we have considered the following factors in our evaluation of the Proposed Disposals:

No.	Item	Sections in this IAL
(a)	Rationale for the Proposed Disposals	6.1
(b)	Evaluation of the Disposals Consideration	6.2
(c)	Evaluation of the salient terms of the SPA	6.3
(d)	Effects of the Proposed Disposals	6.4
(e)	Industry outlook and prospects	6.5
(f)	Risk factors for the Proposed Disposals	6.6

### 6.1 Rationale for the Proposed Disposals

As disclosed in **Section 5.1** of Part A of the Circular, we noted that the Board (save for the Interested Director) believes that the Proposed Disposals:

- (i) present a valuable opportunity for BTM Group to dispose the Factory Building and the PME at the Disposals Consideration. By disposing the Factory Building as well as the PME to Gimzan, BTM Group will be able to monetise its investments in the Factory Building and the PME (which are presently used for its wood pellet manufacturing business) via the settlement of the Settlement Sum;
- (ii) part of the Group's strategic initiative to scale down and subsequently exit its wood pellet manufacturing business, which had been affected by operational inefficiencies, escalating raw material costs, and limited long-term commercial viability in view of the growing unfavourable outlook of the wood biomass industry; and

- (iii) the settlement of the Settlement Sum not only improves the Group's financial position by reducing outstanding obligations and strengthening its balance sheet, it also preserving the Group's cash reserves for its other existing businesses of sawmilling and trading of sawn timber, plywood and logs. This will enable BTM Group to optimise its existing timber businesses and reinforcing its competitive position in the Malaysian timber industry.

**Our commentaries:**

We noted that BTM Group's activities are concentrated on the following two (2) key business segments:

Segment	Principal activities
Logs and timber products	Trading of sawn timber, logs and plywood, kiln-drying operations, timber moulding and manufacturing of finger-jointed timber and lamination boards
Wood pellets	Manufacturing and sale of biomass wood pellets

We further noted the Group's revenue and PAT for the FYE 31 December 2022, FYE 31 December 2023 and 18-M FPE 30 June 2025 are as follows:

	Audited					
	FYE 31 Dec 2022 (RM'000)		FYE 31 Dec 2023 (RM'000)		18M-FPE 30 Jun 2025 (RM'000)	
		(%)*		(%)*		(%)*
Logs and timber products	4,028.94	-10.49	4,282.92	6.30	8,664.08	102.29
Wood pellets	4,065.95	21.45	2,745.48	-32.48	261.84	-90.46
Others	156.00	0.00	156.00	0.00	178.75	14.58
<b>Total revenue</b>	<b>8,250.89</b>		<b>7,184.40</b>		<b>9,104.67</b>	
LAT attributable to the owners of BTM	(7,725.83)		(19,949.36)		(17,232.71)	

*Note:*

\* Year-on-year growth/decline

The logs and timber products segment of the Group has recorded steady growth, with revenue rising by approximately 6.30% from FYE 2022 to FYE 2023 and increasing further by 102.29% in the 18M-FPE June 2025. In contrast, the wood pellet segment, which recorded a revenue growth by 21.45% in FYE 2022, experienced a significant decline thereafter, with revenue decreasing by approximately 32.48% from FYE 2022 to FYE 2023 and contracting further by 90.46% in the 18M-FPE June 2025.

The declining performance of the wood pellet manufacturing business, driven by operational inefficiencies, escalating raw material costs, and limited long-term commercial viability, has impacted the overall performance of the Group.

As such, we concur with the Board (save for the Interested Director) that the Proposed Disposals would provide the following benefits:



**(i) Present an opportunity to monetise its investments in the Factory Building and the PME and exit from a non-viable business segment**

The Proposed Disposals present an opportunity for BTM Group to monetise its investments in the Factory Building and PME, which are currently utilised for its wood pellet manufacturing operations, through the settlement of the Settlement Sum.

As the Disposals Consideration will be fully settled via set-off against the Settlement Sum (being the net advances previously extended to BTMBP by MMSB, person connected with the Interested Director and Interested Major Shareholder), the Proposed Disposals will also allow the Group to settle the outstanding advances due to Gimzan without utilising its cash resources or requiring any borrowings. For clarity, MMSB and Gimzan had on 12 September 2025, entered into a debt assignment agreement, to mutually agreed for Gimzan to assume all of its rights and interests in the outstanding advances amounting to RM4.50 million owing by BTMBP.

We noted that the Disposals Consideration of RM4.50 million is expected to result in an estimated net loss of RM4.16 million for the Factory Building (approximately RM1.77 million) and PME (approximately RM2.39 million), reflecting the difference between their net book value as at 31 December 2023 and the Disposals Consideration, which was based on the market value of the Factory Building and PME as ascribed by the Valuer. The valuation had considered, among others, the age, state and conditions of the Assets, with necessary adjustments to reflect for various forms of obsolescence of the Assets. For further details on the basis to arrive at the market value of the Assets, please refer to **Section 6.2.1** of this IAL and the valuation certificate as appended in **Appendix II** of the Circular. We also noted that the Factory Building is being disposed of without the underlying land, as the building stands on tenanted land not owned by the Group. Typically, the disposal of a building together with its underlying land would generate a higher disposal consideration, as the land component generally appreciates over time.

The Proposed Disposals will also enable the Group to mitigate the risk of non-renewal of the land lease, thereby reducing potential operational and financial uncertainties associated with continued occupation of the leased property.

The Proposed Disposals are consistent with the Group's strategic initiative to scale down and ultimately exit the wood pellet business, which has faced persistent challenges in recent years. Having commenced operations in 2017, the segment was once a main contributor to revenue but has since recorded a substantial decline, with revenue contracting by approximately 32.5% from FYE 2022 to FYE 2023, and a further 90.5% in the 18M-FPE 30 June 2025. The segment's performance deterioration has been driven by operational inefficiencies, rising raw material costs, and limited long-term commercial viability. We noted from the valuation report that the PME currently operate only intermittently (two to three times per week) due to raw material constraints particularly scarcity of supply of waste wood used for production of wood pellets, indicating that the facilities are not being fully utilised.

Exiting the wood pellet manufacturing business enables the Group to unlock and redeploy capital from low-yielding and non-viable business, thereby improving financial flexibility and allowing the Management to refocus resources on its core and sustainable business segments. This strategic realignment supports BTM Group's long-term growth trajectory, enhances operational efficiency, and reinforces its commitment to strengthening the Group's core timber-related businesses.

**(ii) Strengthen Financial Position and Preserve Cash for Core Operations**

Following the Group's strategic decision to exit the non-core wood pellet business and monetise its investments in the Factory Building and PME, the settlement of the Settlement Sum via set-off arising from the Proposed Disposals will further strengthen the Group's financial position by reducing outstanding obligations and improving its balance sheet. Importantly, this arrangement allows the Group to preserve its existing cash reserves, which can instead be channelled towards supporting its core businesses of sawmilling and trading of sawn timber, plywood, and logs.

By reinforcing its liquidity and capital structure, BTM Group will be better positioned to optimise its core timber operations and maintain a strong competitive foothold in the Malaysian timber industry. The improved financial standing is also expected to enhance the Group's resilience to market fluctuations and provide greater flexibility for future expansion or investment opportunities.

**Premised on the above, we view that the rationale for the Proposed Disposals is reasonable and not detrimental to the interest of the non-interested Shareholders.**

**6.2 Evaluation of the Disposals Consideration**

**6.2.1 Basis and justification for the Disposals Consideration**

As set out in **Section 2.4** of Part A of the Circular, we noted that the Disposals Consideration of RM4.50 million was arrived at on a "willing-buyer willing-seller" basis between the Vendor and Purchaser, after taking into consideration, among others, the following:

**The Factory Building Disposal Consideration of RM4.00 million**, which is justified by:

- (i) the appraisal by the Valuer via its Valuation Report using the Cost Approach;
- (ii) the offer received by the Vendor from the Purchaser to acquire the Factory Building. As set out in **Section 2.1** of Part A of the Circular, part of the Land which the Factory Building is erected of approximately two (2) acres is being rented by the Vendor from the Purchaser at a monthly rental rate of RM2,229.00. The Board (save for the Interested Director) is of the view that it is unlikely that the Vendor will be able to identify any other potential purchaser other than the Purchaser for the Factory Building as the Vendor does not own the Land.

In addition, the existing Tenancy Agreement between the Vendor and the Purchaser is subject to frequent renewal and the potential risk of non-renewal (at the discretion of the Purchaser) in view that the Purchaser is the landlord for the Land; and

- (iii) the rationale and benefits of the Proposed Disposals as set out in **Section 5.1** of Part A of the Circular.

**The PME Disposal Consideration of RM0.50 million**, which is justified by:

- (1) the market value of the PME of approximately RM0.66 million as appraised by the Valuer via its valuation report for the PME dated 12 September 2025, and a mutually agreed discount of approximately RM0.16 million.

Taking into consideration the Factory Building Disposal Consideration is at the market value without any discount, the discount of approximately RM0.16 million is 3.43% discount to the total market value of the Factory Building and the PME of approximately RM4.66 million.

The Board (save for the Interested Director) takes cognisance that the PME Disposal Consideration of RM0.50 million is below the market value ascribed by the Valuer of RM0.66 million. However, the Board (save for the Interested Director) is of the opinion that the discount is justifiable and had agreed to the discount after having considered that the Management was not able to identify any other potential purchaser to acquire the PME. Further, if PME were not to be disposed together with the Factory Building to the Purchaser, the Group will need to incur additional cost to de-assemble, remove and move the PME from the Factory Building to any other facilities owned or rented by the Group, which may further deteriorate the market value of the PME.

Further, the proceeds from the PME Disposal Consideration will be utilised for the settlement of the Settlement Sum by way of set-off against the Disposals Consideration; and

- (2) the rationale and benefits of the Proposed Disposals as set out in **Section 5.1** Part A of the Circular.

For the purpose of appraising the market value of the Factory Building and the PME, BTM has appointed PA International as the Valuer to undertake the independent valuation of the Factory Building and the PME.

In assessing the fairness of the Disposal Considerations which was arrived at based on the market value of the Factory Building and the PME ascribed by the Valuer, we have reviewed and relied on the Valuation Report for the Factory Building, valuation certificate for the Factory Building and the valuation report for the PME prepared by the Valuer. We noted that the Valuer is an independent firm registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (“BOVAEP”). The valuation reports were prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia (“SC”) (“AVA Guidelines”) and the Malaysian Valuation Standards issued by the BOVAEP. Accordingly, we are satisfied with the bases and assumptions adopted by the Valuer in arriving at the market value of the Factory Building and the PME.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regard to the valuation reports and valuation certificate provided to us. We are of the view that the valuation methodologies adopted by the Valuer in its valuation reports are reasonable, appropriate and consistent with generally applied valuation methodologies.

# **(1) Market Value of the Factory Building**

## **(a) Information on the Factory Building**

As disclosed in **Section 2.1** Part A of the Circular, we noted the following details of the Factory Building:

<b>Name</b>	Factory Building
<b>Properties description</b>	A single-storey wood pellet manufacturing factory
<b>Age of the Factory Building</b>	Approximately 6 years
<b>Existing usage</b>	Wood pellet manufacturing factory building
<b>Proposed usage</b>	Wood pellet manufacturing factory building
<b>Total build up area of the Factory Building / gross floor area</b>	Approximately 7,520.87 square metres (80,954 square feet)
<b>Audited NBV of the Factory Building as at 30 June 2025</b>	RM3.47 million

We further noted that the Factory Building is situated to the east of an on-going residential development known as “Taman Puncak Temala”, within the locality of Kawasan Perindustrian Wakaf Tapai, off Jalan Kuala Berang, Marang, Terengganu Darul Iman, bearing postal address of Lot 12373, Kawasan Perindustrian Wakaf Tapai, 21040 Marang, Terengganu Darul Iman.

The Factory Building bears direct frontage onto an unnamed road within the locality of Kawasan Perindustrian Wakaf Tapai, which is located approximately 30 kilometres south-west of the Kuala Terengganu city centre and about 12 kilometres north-east of the Hulu Terengganu District Council. It is strategically positioned off Jalan Kuala Berang (T3), providing seamless connectivity to key destinations such as Kuala Terengganu, Ajil (approximately 3 kilometres to the west), and Kuala Berang (approximately 12 kilometres to the south-west).

Alternatively, the Factory Building is also easily accessible through major highways such as the Jerangau-Jabor Highway, Federal Route 14 and the East Coast Expressway Phase 2 (“LPT2”), providing efficient links to Kuala Lumpur, Kuantan, and other major economic hubs along the east coast. The Ajil Toll Plaza connecting to LPT2 Expressway is located about 5.5 kilometres due south-west from the Factory Building.

Pursuant to the Tenancy Agreement, part of the Land (i.e., 26.9177 acres) was being rented by BTMBP from Gimzan at a monthly rental rate of RM26,917.70 for the sole purpose of erect and construct a wood pellet manufacturing factory (including any ancillary buildings or structures) to manufacture and produce wood pellet and other such similar products, for a principal term of 3 years from 14 May 2015 to 13 May 2018. Subsequently the tenancy period was further extended via letters of extension dated 13 February 2018 (for the period from 14 May 2018 to 13 May 2021), 12 February 2021 (for the period from 14 May 2021 to 13 May 2024), 23 April 2024 (for the period from 14 May 2024 to 13 May 2025) and 14 May 2025 (for the period from 14 May 2025 to 13 November 2025) and 3 November 2025 (for the period from 14 November 2025 to 13 February 2026).

Further, we noted that the size of the land rented was mutually reduced from 26.9177 acres to the current size of the land on which the Factory Building was erected which is approximately two (2) acres, pursuant to the letter of extension of tenancy period dated 23 April 2024. The reduction to approximately two (2) acres, effective 23 April 2024, reflects the Group’s scaled-down operations in light of the market conditions, specifically the sustained low market demand for its products, retaining only the land area essential for current operation which includes production, storage and staging of raw materials in reducing its operating costs. The entire 26.9177 acres plot was previously rented by BTMBP to support full-capacity wood pellet production, including raw material storage, production, logistics and future expansion as the remaining rented area of approximately 24 acres were used over the past 10 years for storage, staging of raw materials and other operational purposes, including supporting production logistics and warehousing needs. Therefore, effective from 14 May 2024, the rental rate was reduced from RM26,917.70 to RM2,229.00 per month.

Upon the completion of the Proposed Factory Building Disposal, BTMBP and the Purchaser will terminate the Tenancy Agreement

#### Description and condition of the Factory Building

As further disclosed in **Section 2.1** Part A of the Circular, the Factory Building is generally constructed of steel portal framework and reinforced concrete flooring, plastered brickwalls/metal claddings (partially open-sided) and metal deck roofing sheets. The Factory Building is fitted with metal sliding doors, PVC foldable, plywood and timber flush doors, fixed/adjustable glass louvre windows, and floor finishes comprising ceramic tiles and cement-rendered surfaces. It has a total gross floor area of approximately 7,520.87 square metres (80,954 square feet) with eaves height of about 20 feet high.

The Factory Building accommodates various functional areas including a warehouse area, factory area, two (2) electrical rooms, storage area, office area, meeting room, pantry, discussion room, electrical switch rooms and two (2) toilets.

The internal partitions are generally made of gypsum boards and framed glass. Other improvements to the Factory Building include the installation of split-type air-conditioning units in the office area. The office area has also been renovated with a first-floor wooden platform to house a meeting room, discussion room and a toilet. Additionally, the side and rear portions of the Factory Building have been extended using metal deck roofing sheets to enlarge the warehouse area of the Factory Building.

We noted that the Factory Building which was issued with a Certificate of Completion and Compliance dated 15 December 2019, was observed by the Valuer to be in a fair state of repair during their inspection on 10 January 2025 and re-inspected on 7 April 2025 and a follow-up on 4 August 2025.

**(b) Valuation of the Factory Building by the Valuer**

We noted from the Valuation Report that the Valuer's assessment pertains to the remaining leasehold interest of approximately 31 years held by Gimzan over the subject property, which comprises the Land together with two single-storey buildings, one owned by Gimzan and the other being the Factory Building constructed at its own cost by BTMBP. For clarity, the Valuer was instructed to value only the Land together with the Factory Building pursuant to the Proposed Factory Building Disposal, of which the Cost Approach was adopted the Valuer as the most appropriate basis to reflect the true market value of the subject property due to limited availability of rental and yield data for large parcels of industrial land in the state of Terengganu, and given that the subject property is not fully optimised.

The Cost Approach involves adding the market value of the Land which was determined by comparison with similar lands that have been transacted recently to the replacement cost of the Factory Building.

**Since the Land is rented by BTMBP and does not form part of the Factory Building Disposal Consideration, we are only reviewing the replacement cost method represents the basis at arriving to the market value of the Factory Building.**

In determining the market value of the Factory Building using the replacement cost, the Valuer adopted current estimates on construction costs to build similar kind and design building using current market prices for materials, labour and construction techniques with necessary adjustments such as physical deterioration, functional obsolescence, and economical obsolescence.

The Valuer has referred to the JUBM Group Construction Cost Handbook Malaysia 2024 as a benchmark, which indicates construction costs for a single-storey conventional factory with structural steelwork ranging from **RM138 to RM194** per square foot. In deriving the market value of the Factory Building, the Valuer made appropriate adjustments to the cost rate, taking into consideration that the Factory Building is a partially open-sided structure. Accordingly, the Valuer adopted a cost rate of **RM100** per square foot for the factory, warehouse, and office areas (totalling 77,444 square feet) and applied a **50% discount** to the ancillary floor areas (such as covered walkways and terrace sections with open-sided walls) totalling 3,510 square feet, on the basis that these areas incur lower construction costs due to their simpler design and reduced functional utility compared to the main building areas.

We noted that the Factory Building of approximately 6 years old, was observed by the Valuer to be in a fair state of repair during the inspection. The Valuer therefore has made further adjustment of **50% depreciation** to reflect the following forms of obsolescence:

- (i) physical obsolescence of the Factory Building arising from the rapid physical deterioration to the steelwork structures due to wear and tear. While open-sided construction typically has lower initial construction cost, it would also accelerate deterioration due to exposure to rain/humidity/ultraviolet rays/sawdust, leading to shorter effective life and higher lifecycle maintenance warranting a functional discount in addition to physical wear;

- (ii) functional obsolescence of the Factory Building arising from the design limitations, particularly the open-sided wall structure whereby it reduces flexibility of use, provides limited environmental protection for machinery and materials, and may not meet the operational standards or regulatory requirements of alternative industrial uses; and
- (iii) economic obsolescence of the Factory Building as the Factory Building is tailored to wood pellet production and may not be easily adaptable or attractive to a broader pool of other industrial users.

We are of the view that the 50% further adjustment for depreciation is justifiable as it reflects the combined effect of accelerated wear and tear, design limitations, and limited market appeal specific to the Factory Building. This adjustment was made following the Valuer's inspection, which noted that the building is partially open-sided, reducing functional utility and increasing maintenance requirements, while also limiting its suitability for a broad range of industrial users. Based on the Valuer's assessment and opinions, the 50% depreciation adjustment appears reasonable in the context of specialised or non-standard industrial buildings with multiple forms of obsolescence.

Accordingly, the market value of the Factory Building of RM4.00 million is arrived at as follows:

	Area	JUBM’s costing range	Adopted rate / Adjustment	Value (RM’000)
<b>Main Floor Area</b> (comprises of factory, warehouse and office areas)	77,444 square feet	RM138 to RM194 (per square feet)	RM100 (per square feet)	7,744.40
<b>Ancillary Floor Area</b> (comprises of covered walkways and terrace sections with open-sided walls)	3,510 square feet		<i>After 50% discount</i>  RM50 (per square feet)	175.50
<b>Total Factory Building Value (as new)</b>				<b>7,919.90</b>
Depreciated Factory Building Value			50%	3,959.95
<b>Market Value of Factory Building, say</b>				<b>4,000.00</b>

**(2) Market Value of the PME**

**(a) Information on the PME**

The PME which are installed and equipped within the Factory Building, comprise the wood pellet making line, concrete deck type truck scale weighing system, klockner wood chipper, drum wood chipper production line and wood pellet making line (which comprise material drying units, pellet mills, cooling systems and packaging equipment), and motor vehicles. All of these are used for production of wood pellets.

The PME serves as a critical function in the wood pellet production process, including the handling, drying, pelletising and packaging of wood waste materials into compressed wood pellets used primarily as renewable fuel. The PME also includes mechanical and electrical equipment such as conveyors, dryers, pellet mills, coolers, and packaging units, which work together to ensure efficient conversion of raw wood waste materials into high-quality wood pellets suitable for commercial energy applications.

**(b) Valuation of the PME by the Valuer**

We noted from the valuation report for PME dated 12 September 2025 that the basis of valuation for the PME is based on the market value using “ex-situ value” basis, where the PME are valued for removal from the Factory Building, with the following assumptions:

- (i) the PME would be available for sale as a whole for removal from the premises at the expense of the Purchaser;
- (ii) the PME are free from import taxes and duties; and
- (iii) all costs of sale are excluded.

We further noted from the valuation report for the PME that the Valuer opined the time limit for removal is approximately three (3) months.

We are of the view that the basis of valuation on “ex-situ value” for the PME adopted by the Valuer is justifiable as it aligned with guidelines for valuation of plant, machinery and equipment under the AVA Guidelines which provides the following:

Paragraph 7.02 of the AVA Guidelines

*In determining the market value of plant, machinery and equipment (PME), the valuer must clearly qualify the circumstances in which the basis of valuation is made, for instance–*

- (a) as a whole for use in its working place;*
- (b) as a whole for removal from the premises at the expense of the purchaser; or*
- (c) as individual item(s)/piecemeal for removal from the premises at the expense of the purchaser.*

Paragraph 7.03 of the AVA Guidelines

*In cases where removal of the PME is envisaged, the following must be considered:*

- (a) Whether there is time limit for the removal, such as expiry of a lease on the land/ buildings; and*
- (b) Whether there is any obligation to reinstate the building after the removal, and if so, whether this will be at the expense of the owner or purchaser.*

The Valuer adopted depreciated replacement cost (“DRC”) method to determine the market value of PME. Under this method, the DRC reflects the cost of replacing the plant, machinery, and equipment with new items, including expenses for installation, infrastructure, and professional fees, with allowances made for physical, functional, and economic obsolescence.

In determining the gross current replacement cost, the Valuer has utilised the contract prices and made appropriate allowances for delivery and installation costs. Thereafter, the Valuer has applied the reducing balance method of depreciation over the asset’s estimated economic life to a residual value of 10% of the gross current replacement cost, after considering the asset’s age, condition, and any functional obsolescence.

We have taken note that the Valuer has only adopted the DRC method as it represents an appropriate and acceptable method of valuation for arriving at a market-related value of specialised assets and limited market for similar types of plant, machinery, and equipment, as observed during the inspection. Consideration has also been given to prevailing market conditions. The DRC method has been applied as there exists only a limited secondary market for the standard components of the assets, rendering the comparison approach inapplicable due to the absence of sufficient and reliable market comparables for similar types of plant, machinery, and equipment.

Accordingly, the Valuer has ascribed the market value of the PME of RM655,000 as follows:

PME	Description	Approximate age of the PME	Condition	Market value (RM)	NBV as at 30 June 2025 (RM)
Concrete Deck Type Truck Scale Weighing System	A heavy-duty industrial-grade truck scale system designed for precise and reliable vehicle weighing.	10 years (since 2015)	Fair	20,000	18,675
Klockner Wood Chipper	A wood chipping machine designed to reduce large wood logs into smaller wood chips.	8 years (since 2017)	Fair	365,000 <sup>(1)</sup>	24,255
Drum Wood Chipper Production Line and other accessories	An industrial production line incorporating a drum-type wood chipper, primarily to handle high-volume wood input, converting it into uniformly sized wood chips for further manufacturing use. The line comprises material drying units, pellet mills, cooling systems, and packaging equipment.	7 years (since 2018)	Fair		138,117
Wood Pellet Making Line and other accessories	A complete industrial wood pellet making line designed to process wood chips into high-density wood pellets. The system includes material handling conveyors, drying units, pellet mills, cooling systems, and packaging machines.	11 years (since 2014)	Fair		1,324,200
Vehicles (i.e., Liugong Wheel Loader, Mitsubishi Triton, Isuzu Lorry, Hitachi Excavator)	Vehicle used primarily for logistical activities of the wood pellet business.	2 to 10 years (since 2015 to 2023)	Fair	270,000	120,988
<b>Total</b>				<b>655,000</b>	<b>1,626,235</b>

*Note:*

- (1) *The market value of the Klockner wood chipper, drum wood chipper production line, wood pellet making line and other related accessories has been determined on a collective basis. This approach was adopted as these assets are interdependent and operate as an integrated production line, rendering it impracticable to derive a reliable fair market value on an individual asset basis.*

We noted a significant discount of the PME's market value of RM0.66 million compared to its NBV of RM1.63 million as at 30 June 2025. Notwithstanding this, the discount is justifiable considering:



- (i) NBV reflects historical cost less depreciation and does not capture current state or condition of the Assets, removability, obsolescence, marketability and/or potential impairment in realisable value;
- (ii) the AVA Guidelines require PME to be valued on market value that reflects the circumstances of the sale, rather than on accounting carrying amounts;
- (iii) the PME were valued on the assumption that they would be sold as standalone assets removed from the Factory Building. The discount reflects the reduced marketability and limited pool of buyers for specialised equipment in this condition; and
- (iv) the PME are purpose-built for wood pellet production, limiting their adaptability and attractiveness to other industrial users. The ascribed market value reflects its reduced utility and the associated obsolescence.

Overall, we are of the view that the adopted market value for the Factory Building and the PME which were derived from replacement cost method after making necessary adjustments, are fair, reasonable and most appropriate given their customised design and specified use.

Based on the above valuations undertaken by the Valuer, the market value of the Factory Building and the PME which form the basis for the Disposals Consideration are as follows:

	(RM)
Market value of the Factory Building	4,000,000
Market value of the PME	655,000
<b>Total market value of the Factory Building and the PME as ascribed by the Valuer</b>	<b>4,655,000</b>
<b>Disposals Consideration</b>	<b>4,500,000</b>

We noted that the Disposals Consideration of RM4.50 million which represents a discount of approximately RM0.16 million or 3.43% to the total market value of the Factory Building and the PME of approximately RM4.66 million, was mutually agreed between the Vendor and the Purchaser. We concur with the Board's opinion (save for the Interested Director) that the discount is justifiable after considering the following factors:

- (i) the Management was not able to identify any other potential buyer for the PME;
- (ii) in the event that the PME is not disposed of together with the Factory Building to the Purchaser, the Group would incur additional costs to disassemble, remove, and relocate the PME to other facilities owned or leased by the Group, which may further reduce its market value; and
- (iii) the Proposed Disposals provide the Group with an opportunity to realise the value of its investments in the Factory Building, including the PME, while also reducing its outstanding debt obligations to the Purchaser through the settlement of the Settlement Sum by way of set-off against the Disposals Consideration.

**Premised on the above, we are of the view that the basis and justification for the Disposals Consideration are fair and not detrimental to the interest of the non-interested Shareholders.**

### 6.2.2 Evaluation of the Manner of Settlement

As disclosed in **Section 2.13** of Part A of the Circular, the Disposals Consideration of RM4.50 million will be used to settle the Settlement Sum of RM4.50 million by way of set-off against the Disposals Consideration.

We noted from **Section 2.11** of Part A of the Circular, the Settlement Sum of RM4.50 million represents the outstanding advances received by BTMBP from MMSB as financial support between April 2024 and May 2024 in the form of cash. We noted that during the said period, BTMBP had experienced temporary liquidity constraints in meeting its working capital requirements, primarily due to low sales recorded during the period from October 2023 to March 2024, which resulted in insufficient cash inflows to meet its operating expenses. To address its financial requirements in a timely and cost-effective manner, BTMBP opted to obtain advances from MMSB, a company related to its Managing Director and Major Shareholder namely Dato' Seri Yong, instead of securing bank borrowings. The advances were extended without interest charges and without fixed repayment terms, allowing BTMBP to repay only when its cash flow permits. This arrangement provided BTMBP with immediate funding to meet its short-term obligations and operational needs while avoiding additional financing costs.

We noted that Dato' Seri Yong, the Interested Director and Interested Major Shareholder is deemed interested in MMSB in view that Chai Owi Yok, the sole director and shareholder of MMSB, is also a director of BTM Timber Industries Sdn Bhd (a company of which Dato' Seri Yong is also a director of and not a subsidiary of BTM) and is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Dato' Seri Yong.

Save as disclosed below, we noted that there are no other advances received by the Group from MMSB, Gimzan or Dato' Seri Yong since April 2024 up to the LPD:

Date of transaction	Advances to BTMBP (A) RM	Repayment (B) RM
24 April 2024	3,000,000	-
25 April 2024	-	(500,000) <sup>(1)</sup>
3 May 2024	2,000,000	-
	<b>(A) - (B) =</b>	<b>4,500,000</b>

Note:

- (1) Following the receipt of the advances of RM3.00 million on 24 April 2024, BTMBP reviewed its immediate cash flow requirements and determined that RM2.50 million was sufficient to meet its working capital needs at that time. Hence, RM0.50 million was repaid to MMSB on the following day, funded from the same advance received on 24 April 2024.

The advances amount of RM4.50 million had been fully utilised by BTMBP as follows:

Period of utilisation	Purpose	Amount (RM)	Percentage (%)
April 2024 to June 2024	Payment for trade and other payables such as the purchase of raw materials such as log, timber, plywood, factory overhead expenses and payments to other creditors	1,995,891 <sup>(2)</sup>	44.35
	Repayment to Dato' Seri Yong for his earlier advances to BTMBP which were utilised to fund the working capital requirements of BTMBP <sup>(1)</sup>	1,750,000 <sup>(3)</sup>	38.89

Period of utilisation	Purpose	Amount (RM)	Percentage (%)
	Payment of BTMBP's staff related expenses (comprising of employees' salaries and allowances, wages and overtime) and other statutory contributions and payments	424,001	9.42
	Payment for BTMBP's general administrative expenses (i.e., rental and cost to upkeep office equipment, professional/consultancy fees, audit fees, legal fees, tax fees, utilities and others)	330,108	7.34
<b>Total</b>		<b>4,500,000</b>	<b>100.00</b>

Notes:

- (1) As at the LPD, BTMBP does not have any other outstanding debt obligations with Dato' Seri Yong.
- (2) The breakdown of payment for trade and other payables is as follows:

Description of the usage purposes	Amount (RM)
Payment to trade creditors such as the purchase of raw materials i.e., log, timber and plywood	1,001,064
Operation costs (i.e., factory overhead expenses)	945,682
Payment to other creditors (i.e., for repair and maintenance services)	49,145
<b>Total</b>	<b>1,995,891</b>

- (3) The breakdown of usage of the advances received from Dato' Sri Yong to fund the working capital requirements of BTMBP is detailed as follows:

Description of the usage purposes	Amount (RM)
Payment for utilities bills	820,000
Payment of BTMBP's staff related expenses (comprising of employees' salaries and allowances, wages and overtime) and other statutory contributions and payments	930,000
<b>Total</b>	<b>1,750,000</b>

As clarified earlier, MMSB and Gimzan had entered into a debt assignment agreement which resulted in Gimzan assuming the outstanding advances obligations of BTMBP in place of MMSB.

**Our commentaries:**

The advances were opted by BTMBP were timely and deemed necessary as it helps to address the shortfall in meeting its working capital requirements amid temporary liquidity constraint. The alternative option of securing bank borrowings would not only have been a potentially time-consuming process but would also have incurred interest charges and fixed repayment obligations, which could further strain its operational cash flows.

It was noted that the advances were primarily utilised for working capital purposes, including related repayments, as reflected by the allocations towards trade and other payables, repayment of earlier advances, staff-related expenses and general administrative expenses.

We concur with the Board (save for the Interested Director) that the advances extended by MMSB to BTMBP is in the best interest of the Group in view that the advances were provided at the terms acceptable to both parties without any interest payments or repayment term at the request of MMSB, whereby BTMBP will only make payment as and when BTMBP is able to do so.

The settlement of the Disposals Consideration through the set-off of the Settlement Sum enables the Group to eliminate a sizeable outstanding amount due without incurring new borrowings that would attract interest expenses, and without issuing new shares that would dilute the interests of the non-interested Shareholders.

Although the advances are interest-free and do not carry any fixed repayment terms, the early settlement via set-off of the Disposals Consideration enables the Group to strengthen its financial position by reducing outstanding obligations and improving its balance sheet. It also minimises potential risks associated with keeping the advances outstanding, including the possibility of the lender requesting repayment, which could place undue financial pressure on the Group.


**Premised on the above, we are of the view that the settlement of Disposals Consideration via set-off of Settlement Sum is fair and not detrimental to the interest of the non-interested Shareholders.**

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### 6.3 Evaluation of the salient terms of the SPA

We have reviewed the salient terms of the SPA in its entirety as disclosed in **Appendix I** of the Circular and set out our comments as follows:

Salient terms of the SPA	Our comments
<p><b>1. Sale and Purchase</b></p> <p>In consideration of the Purchaser agreeing to pay to the Vendor the total purchase consideration of RM4,500,000.00 ("Purchase Consideration"), the Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Factory Building as well as the plants and machineries installed and equipped within the Factory Building ("Machineries") free from all encumbrances and with vacant possession, at the Purchase Consideration, subject to the terms and conditions contained in the SPA.</p> <p>(the Machineries and Factory Building shall be collectively referred to as "Assets")</p>	<p>This term is <b>justifiable</b> as the Disposals Consideration were mutually agreed upon between the Vendor and the Purchaser. Please refer to our evaluation on the basis and justification of the Disposals Consideration as set out in <b>Sections 6.2</b> of this IAL.</p>
<p><b>2. Purchase Consideration</b></p> <p>The Purchase Consideration shall be paid by the Purchaser to the Vendor in the following manner:</p> <p>(i) Deposit</p> <p>A sum of RM450,000.00 only which is equivalent to ten per centum (10%) of the Purchase Consideration shall deemed paid by way of set-off against a corresponding portion of the Settlement Sum.</p> <p>(ii) Balance Purchase Consideration</p> <p>A sum of RM4,050,000.00 only which is equivalent to ninety per centum (90%) of the Purchase Consideration, being the balance of the Purchase Consideration ("Balance Purchase Consideration") shall be deemed paid by way of set-off against the remaining portion of the Settlement Sum on the Unconditional Date (as defined herein below).</p>	<p>We noted that the Disposals Consideration shall be paid by the Purchaser to the Vendor in a pre-arranged manner.</p> <p>This term is reasonable as it is mutually agreed upon between the Vendor and the Purchaser and the Disposals Consideration will be fully satisfied through a set-off arrangement equivalent to the Settlement Sum owing by the Vendor to the Purchaser.</p> <p>We are of the view that the settlement of the Settlement Sum is reasonable as it enables the Group to conserve cash, mitigating any material impact on its cash flows.</p>


Salient terms of the SPA		Our comments
<b>3. Conditions Precedent</b>	<b>3.1 Conditions Precedent</b>	
	<p>The sale and purchase of the Assets shall be subject to the fulfilment of all the following conditions precedent (“Conditions Precedent”) within 6 months from the date of the SPA, or such other period, as may be mutually agreed between the Vendor and Purchaser in writing (“Conditional Period”):</p> <ul style="list-style-type: none"> <li>(i) the holding company of the Vendor, namely BTM to obtain its shareholders’ approval in respect to the sale of the Assets by Vendor to the Purchaser in a general meeting to be convened;</li> <li>(ii) the approval of the board of directors of BTM authorising the sale of the Assets to the Purchaser;</li> <li>(iii) the approval of the board of directors of the Purchaser authorising the purchase of the Assets from the Vendor;</li> <li>(iv) the approval of the shareholders of the Purchaser authorising the purchase of the Assets from the Vendor;</li> <li>(v) the Vendor to provide the certified true copy of the certificate of fitness for occupation or certificate of completion of compliance, as the case may be, for the Factory Building;</li> <li>(vi) the Vendor to provide a list of the Machineries; and</li> <li>(vii) the Vendor to provide any additional documents deemed necessary to facilitate the transfer of the legal ownership of the Assets from the Vendor to the Purchaser.</li> </ul>	<p>The conditions precedent are ordinary terms typical to transactions of such nature and necessary for the completion of the Proposed Disposals. These conditions precedent are mainly approvals required from the relevant authorities and parties to give effect to the SPA and to be in compliance with the applicable laws and regulatory requirements.</p> <p>We noted that the SPA is conditional upon the conditions precedent being satisfied within 6 months from the date of the SPA. We further noted that the SPA also provides flexibility to allow for extension of time to such further period as may be mutually agreed upon by the parties. Based on the above, we are of the view that this clause is reasonable.</p> 

Salient terms of the SPA		Our comments
<p><b>3.2 Non-Satisfaction/Waiver</b></p> <p>If any of the Conditions Precedent are not fulfilled or waived by the expiry of the Conditional Period, either party may terminate the SPA by notice in writing to the other whereupon the Purchaser shall refund the Deposit to the Purchaser within 14 working days after receiving the notice of termination. Thereafter, the SPA shall be terminated and shall be of no further force and effect and neither party hereto shall have any claims against the other save and except for any other antecedent breach.</p> <p><b>3.3 Unconditionality</b></p> <p>The SPA will become unconditional on the date the Conditions Precedent are all fulfilled (the "Unconditional Date").</p>		<p>This term is acceptable as they serve to safeguard the interest of the Vendor and Purchaser. In the event the conditions precedent is not fulfilled and/or waived by the expiry of the Conditional Period, either party may terminate the SPA with neither party shall have any claims against the other, save and except for any other antecedent breach.</p> <p>In the event the conditions precedent is fulfilled and/or waived, the Proposed Disposals would be completed.</p>
	<p><b>4. Tenanted Land</b></p> <p><b>4.1 Termination of tenancy</b></p> <p>In the event that completion of the SPA takes place prior to the expiry of the Tenancy Agreement on 13 November 2025, the Vendor and Purchaser hereby agree that, for the purpose of facilitating the Purchaser's use of the Assets, either party shall be entitled to terminate the Tenancy Agreement by serving 30 days' prior written notice (or number of days mutually agreed between the parties) on the other party after the completion date.</p> <p><b>4.2 Extension of tenancy</b></p> <p>If completion of the SPA does not occur by the expiry of the Tenancy Agreement on 13 November 2025 (which falls within the Conditional Period), the Purchaser and Vendor shall discuss in good faith the extension of the Tenancy Agreement for such period as may be reasonably required to facilitate completion of the SPA.</p>	<p>This term is acceptable as it provides a reasonable and fair notice period to facilitate the transition between both parties.</p> <p>The term is reasonable as it requires both parties to engage in good faith discussion to extend the tenancy only if necessary to facilitate completion of the SPA.</p>

Salient terms of the SPA	Our comments
<p><b>5. Termination</b></p> <p><b>5.1 Default and termination</b></p> <p>Either party may terminate this agreement with immediate effect by giving written notice to the other party before completion of the SPA if:</p> <ul style="list-style-type: none"> <li>(i) the other party is/becomes insolvent, commits an act of bankruptcy, is unable to pay its debts when they fall due, has a bankruptcy or winding-up petition presented against such party, or has a receiver and/or manager appointed over all or any part of its undertaking and assets or an order of court (whether provisional or final) is made or a resolution is passed for its winding-up;</li> <li>(ii) the other party enters or attempts to enter into any compromise or arrangement with its creditors or ceases, or threatens to cease, to carry on business;</li> <li>(iii) distress or execution or other processes of a court of competent jurisdiction is levied upon or issued against the other party's property and such distress, execution or other process as the case may be, is not satisfied by such party within 14 days from the date thereof; or</li> <li>(iv) the other party commits a breach of any of the terms or conditions of this Agreement and, where such breach can be remedied, fails or refuses to remedy such breach within 7 days (or such other longer period as the party issuing the notice may specify) from its receipt of a written notice given by the non-defaulting party requiring such remedy.</li> </ul> <p>(collectively, "Event of Default")</p> <p>Upon the occurrence of any Event of Default, either party may, at any time and while the other party's default as described herein subsists give a notice of termination to the other party to terminate the SPA forthwith without prejudice to all other rights and remedies available at any time to the other party and to take such actions or proceedings as it deems fit to claim damages and loss and</p>	<p>These are standard terms of termination normally incorporated in an agreement for similar transactions. Thus, these terms are reasonable and not detrimental to the non-interested Shareholders, as they set out the rights of the Purchaser and Vendor and the circumstances under which the SPA may be terminated.</p> 



Salient terms of the SPA	Our comments
<p>all costs and expenses (on a full indemnity basis) incurred in connection with such actions or proceedings and effect of termination shall take place.</p> <p>In the event that any party is deemed to have defaulted or failed to observe or perform any of the provisions under this Agreement, the other party may at its sole and absolute discretion be entitled to elect to pursue the remedy of specific performance of the SPA against the party in breach and to all reliefs flowing therefrom.</p> <p><b>5.2 Effect of Termination</b></p> <p><u>Termination by Vendor due to default by Purchaser</u></p> <ul style="list-style-type: none"> <li>(i) the Deposit paid by the Purchaser shall forthwith be forfeited as agreed liquidated damages and the Vendor shall refund to the Purchaser all other monies that have been received by the Vendor to the Purchaser free of interest within 14 days after receiving the notice of termination.</li> <li>(ii) the Vendor shall have the absolute right to re-sell the Assets to any third party in such manner at such price and on such terms as the Vendor may think fit.</li> <li>(iii) each party will have no further obligations to the other party.</li> <li>(iv) its termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SPA.</li> </ul> <p><u>Termination by Purchaser due to default by Vendor</u></p> <ul style="list-style-type: none"> <li>(i) Vendor shall within 14 days from the date of receipt of the notice of termination from the Purchaser refund to the Purchaser free of interest all monies paid and/or deemed paid by and on behalf of the Purchaser towards account of the Purchase Price including but not limited to the Deposit in addition thereto the Vendor shall also simultaneously pay to the Purchaser a further sum equivalent to the Deposit as agreed liquidated damages.</li> </ul>	<div style="text-align: center;">↓</div> <p>This term is reasonable as it serves to safeguard and protect the interest of Vendor in the event of default by the Purchaser and this is typical term governing the possible termination of the SPA.</p> <div style="text-align: center;">↓</div> <p>This term is reasonable as it serves to safeguard and protect the interest of Purchaser in the event of default by the Vendor and this is typical term governing the possible termination of the SPA.</p>

Salient terms of the SPA	Our comments
<p>(ii) the Vendor shall have the absolute right to re-sell the Assets to any third party in such manner at such price and on such terms as the Vendor may think fit.</p> <p>(iii) each Party will have no further obligations to the other party.</p> <p>(iv) its termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SPA.</p>	

Based on the above, we are of the view that the salient terms of the SPA are based on normal commercial terms and are reasonable and not detrimental to the non-interested Shareholders.

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## 6.4 Effects of the Proposed Disposals

In our evaluation of the Proposed Disposals, we have taken note of the effects of the Proposed Disposals from **Section 7** of Part A of the Circular.

We noted that the effects in **Section 7** of Part A of the Circular are illustrated for both Minimum Scenario and Maximum Scenario pursuant to the implementation of the Proposed Share Capital Reduction.

### 6.4.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposals will not have any effect on the share capital and substantial shareholders' shareholdings of BTM as the Proposed Disposals do not involve any issuance of new BTM Shares.

### 6.4.2 NA and gearing

The pro forma effects of the Proposed Disposals on the NA, NA per Share and gearing of the Group based on the consolidated statements of financial position of BTM Group as at 30 June 2025 are illustrated as follows:

	(Audited)	(I)	(II)
	As at 30 June 2025	As at the LPD	After (I) and the Proposed Disposals
	(RM '000)	(RM '000)	(RM '000)
Share capital	97,895	97,895	97,895
Revaluation reserve	15,504	15,504	15,504
Warrant reserves	20,612	20,612	20,612
Accumulated losses	(78,883) <sup>(1)</sup>	(78,883)	(78,883)
<b>Shareholders' funds / NA</b>	<b>55,128</b>	<b>55,128</b>	<b>55,128</b>
No. of Shares in issue ('000)	1,256,487	1,256,487	1,256,487
NA per Share (RM)	0.04	0.04	0.04
Total borrowings (RM'000)	606	606	606
Gearing (times)	0.01	0.01	0.01

Note:

<sup>(1)</sup> The effect of the loss on disposal of the Factory Building and PME had been included in audited financial statements of the Company as at 30 June 2025 even though the SPA is dated 12 September 2025. This is due to the Group has provided impairment loss amounted to RM3.48 million for the Factory Building (of RM1.48 million) and PME (of RM2.00 million) to write down the carrying amounts to their recoverable amounts as a result of the Proposed Disposals.

Pursuant to Malaysian Financial Reporting Standards 136, an entity is required to assess at each reporting date whether there is any indication that an asset may be impaired and, if so, measure its recoverable amount, defined as the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In this case, the recoverable amounts were determined based on FVLCD, as no reliable VIU estimates were available. The impairment losses of RM1.48 million for the Factory Building and RM2.00 million for the PME represent the difference between the carrying amounts of the assets and their recoverable amounts.

The Proposed Disposals will not have any effect on the Group's NA as at LPD as the effect had been included in audited financial statements of the Company and the pro forma NA per share will remain at RM0.04 per Share.

The Proposed Disposals will not have any effect on the pro forma gearing of BTM Group as it does not involve incurring new borrowing or settlement of existing borrowings.

#### 6.4.3 Loss and loss per share

As set out in **Section 7.3** of Part A of the Circular, we noted that the effect of the loss on disposal of the Factory Building and PME had been affected in audited financial statements of the Company as at 30 June 2025 even though the SPA is dated 12 September 2025. This is due to the Group has provided impairment loss amounted to RM3.48 million for the Factory Building (of RM1.48 million) and PME (of RM2.00 million) to write down the carrying amounts to their recoverable amounts as a result of the Proposed Disposals. Therefore, the Proposed Disposals are not expected to have any effects on the EPS for the FYE 30 June 2026.

For illustrative purpose and assuming the transactions were undertaken as at the date of the SPA of 12 September 2025, the NBV of the Factory Building and the PME were based on the latest available audited financial statements as at 31 December 2023, prior to the execution of the SPA, as the audited financial statements for the financial period ended 30 June 2025 were not yet available at the point of execution of the SPA. Based on the Factory Building Disposal Consideration of RM4.00 million and the PME Disposal Consideration of RM0.50 million, BTM Group is expected to record a net loss on disposal of approximately RM1.77 million (including the overall estimated expenses relating to the Proposed Disposals of RM0.30 million) pursuant to the Proposed Factory Building Disposal and a net loss on disposal of approximately RM2.39 million pursuant to the Proposed PME Disposal. Assuming the Proposed Disposals had been completed at the beginning of the FYE 31 December 2023, the pro forma effects of the Proposed Disposals on the loss and loss per Share of BTM Group are as follows:

	<b>Amount (RM'000)</b>
Loss (after taxation) attributable to the owners of BTM for FYE 31 December 2023	(19,950)
Less: Estimated gross loss on disposal of the Factory Building	(1,470)
Less: Estimated expenses in relation to the Proposed Disposals	(300)
Less: Estimated net loss on disposal of the PME	(2,393)
<b>Pro forma loss (after taxation) attributable to the owners of BTM after the Proposed Disposals</b>	<b>(24,113)</b>
No. of issued BTM Shares as at the LPD ('000)	1,256,487
(Loss per Share) (Sen) as at 31 December 2023	(1.59)
(Loss per Share) (Sen) after the Proposed Disposals	(1.92)

We noted that the one-off net pro forma loss after taxation attributable to the owners of BTM of RM4.16 million as mainly arising from:

- (i) estimated gross loss on disposal of the Factory Building amounting to RM1.47 million;
- (ii) estimated expenses in relation to the Proposed Disposals of RM0.30 million; and
- (iii) estimated net loss on disposal of the PME of RM2.39 million.

Accordingly, the loss per BTM Shares will increase by 0.33 sen or 20.75% from 1.59 sen as at 31 December 2023 to 1.92 sen after the completion of the Proposed Disposals, assuming that the Proposed Disposals had been completed at the beginning of the FYE 31 December 2023.

Notwithstanding that, the Proposed Disposals are expected to contribute positively to the earnings of BTM Group in the future as stated in **Sections 5.1 and 6.3** of Part A of the Circular, respectively.

#### 6.4.4 Convertible securities

We noted that as at the LPD, save for the existing Warrants C, BTM does not have any convertible securities or options.

**Premised on the above, we are of the view that the overall effects arising from the Proposed Disposals are not detrimental to the non-interested Shareholders.**

#### 6.5 Industry outlook and prospects

##### 6.5.1 Overview and outlook of the Malaysian economy

In 2025, the economy is expected to grow between 4% and 4.8%, underpinned by firm domestic demand. From the demand perspective, private consumption is anticipated to remain resilient, supported by higher disposable income, favourable labour market conditions, targeted assistance programmes and vibrant tourism activities. Investment momentum will be sustained by the realisation of multi-year projects and strong inflows into high-growth segments such as semiconductors and data centres. From a supply perspective, the services and manufacturing sectors will continue to lead growth. The services sector will be driven by robust tourism activities, dynamic retail trade and increased demand for business-related services. Meanwhile, the manufacturing sector will benefit from growing semiconductor demand due to the expansion of the digital economy and the increasing use of AI edge applications as well as strong performance in domestic-oriented industries.

In 2026, Malaysia's economy is projected to expand between 4% and 4.5%, supported by resilient domestic demand and a steady external sector. Growth will be anchored by private consumption, boosted by the implementation of the salary adjustment under Phase 2 of the Public Service Remuneration System (SSPA), continuation of targeted assistance programmes and robust tourism activities in conjunction with Visit Malaysia 2026 (VM2026). In addition, strong investment performance will be supported by higher capital expenditures, particularly in high-impact strategic sectors. The services and manufacturing will remain key drivers of growth, complemented by sustained construction and agriculture sectors.

*(Source: Economic Outlook 2026, Ministry of Finance Malaysia)*

##### 6.5.2 Overview and outlook of the timber industry in Malaysia

Malaysia's timber and timber products exported in June 2025 fell by 12% to RM1.62 billion, weighed down by lower shipments of sawntimber (-15%), plywood (-19%) and wooden furniture (-12%). The total export for January–June 2025 amounted to RM10.64 billion, a decline of 7% compared to RM11.43 billion in the same period last year. Wooden furniture, the largest single-timber export product, recorded RM4.58 billion in the first six months, down 2% year-on-year. Other major products also posted contractions, including veneer (-44%), fibreboard (-17%) and sawn timber (-10%), reflecting slower demand in key markets. In contrast, bright spots were seen in rattan furniture which expanded by 14% to RM36.5 million and builders' joinery and carpentry (BJC) products which grew 8% to RM668.6 million.

Total sawntimber exports in June 2025 declined to 144,713 m<sup>3</sup> with a value of RM184.14 million, representing a 6% drop in volume and a 15% fall in value compared to the 154,437 m<sup>3</sup> worth RM215.30 million exported in May 2025. Cumulative exports from January to June 2025 reached 591,378 m<sup>3</sup> worth RM981.90 million, showing a 16% increase in volume but a 10% drop in value compared to 509,495 m<sup>3</sup> and RM1,089.47 million during the same period in 2024.

Export for plywood in June 2025 recorded a decrease of 26% in volume at 75,737 m<sup>3</sup> and a 19% decrease in value to RM155.7 million as compared to the previous month. The cumulative exports for the period of January – June 2025 showed a decrease of 1% in volume to 546,983 m<sup>3</sup> and a 12% decrease in value totalling at RM1.1 billion over the previous corresponding period.

The total export value of wooden furniture in June 2025 decreased by 12% to RM712.3 million compared to RM810.9 million in May 2025. Meanwhile, cumulative exports for January–June 2025 stood at RM4.58 billion, representing a slight decline of 2% from RM4.68 billion recorded in the same period in 2024.

*(Source: Maskayu, Malaysian Timber Industry Board, Volume 7, July 2025)*

MALAYSIA'S timber and wood-based industries, which fall under the non-exempted group from the newly imposed 19% US tariff, are expected to face challenging times ahead. The US remains the single largest market for Malaysia's wooden furniture, accounting for more than 50% of total exports in the first half of 2025 — a sharp rise from just 31% in 2014. "Malaysia's timber trade outlook remains cautiously optimistic despite near-term pressures from the 19% US tariff, which is expected to weigh on export margins and demand through early 2026," BIMB Securities Research said in a research note released yesterday (Oct 29).

The research house noted that Malaysia's timber sector continues to be driven by wooden furniture exports, which now make up nearly half of the country's total timber shipments — reflecting the industry's steady transition toward downstream, value-added production. "While strong US demand has bolstered export revenues, it has also heightened the sector's vulnerability to external trade policy shocks, particularly in light of the newly imposed 19% US tariff regime," it said.

BIMB said the timber industry continues to make a positive contribution to the national trade balance, maintaining a surplus of RM8.6 billion as of the first eight months of 2025, despite tariff headwinds and moderating global demand. The report highlighted that Malaysia's export mix has shifted steadily toward higher value-added downstream products, led by wooden furniture, which now accounts for 43% of total timber exports, up sharply from 32% in 2009. Malaysia's timber and wood-based product exports, valued at over RM20 billion annually, saw a sharp frontloading in mid-2025, particularly from Sarawak and Peninsular Malaysia, as producers rushed to meet existing contracts before the tariff took effect. While this boosted short-term trade figures, the research firm expects the impact to unwind in early 2026, leading to a temporary normalisation or contraction in export growth.

Nevertheless, companies holding Malaysian Timber Certification Scheme (MTCS) or Programme for the Endorsement of Forest Certification (PEFC) sustainability credentials are better positioned to retain access to premium ESG-sensitive markets such as the EU and Japan, partially cushioning tariff-driven losses and preserving long-term export competitiveness. "Nonetheless, the sector's core fundamentals remain resilient — Malaysia's effective tariff exposure is comparatively lower than that of most regional peers, providing a competitive advantage once global trade conditions stabilise," BIMB added.

Over the longer term, the firm said the industry's deepening alignment with ESG and sustainability standards under MTCS and PEFC certifications will strengthen market access, particularly among environmentally conscious buyers in advanced economies. "As global demand for traceable, low-carbon timber products continues to expand, Malaysia's certified exporters are well positioned to capture premium opportunities, paving the way for a gradual recovery and a more sustainable growth trajectory beyond the short-term tariff headwinds," it said.

*(Source: Media article titled "Timber sector faces near-term headwinds from US tariffs, says BIMB Securities" dated 29 October 2025 issued by The Malaysian Reserve)*

### 6.5.3 Prospects of Group

As disclosed in **Section 6.3** of Part A of the Circular, we noted that BTM Group is principally involved in the business of sawmilling and trading of sawn timber, plywood and logs. The timber industry is presently undergoing transformation driven by increasing emphasis on environmental sustainability, responsible sourcing, and compliance with ESG standards. These developments, while introducing challenges to conventional timber operations, also create new opportunities for companies with established expertise and market presence to benefit from rising demand for certified and sustainable timber products.

In this regard, we noted that BTM Group's longstanding experience in timber manufacturing and trading places it in a favourable position to capitalise on emerging trends in sustainable wood products. The Group's established operations and technical know-how may enable it to meet evolving market requirements for certified materials, particularly as demand continues to be supported by green building initiatives, carbon reduction targets and stricter procurement standards.

This industry remains as a key driver of Malaysia's economic growth, having evolved from a traditional exporter of tropical logs to a global supplier of high value-added timber and wood-based products. This industry continues to undergo dynamic changes and faces complex challenges arising from both domestic and international market conditions. Despite uncertainties in the global economy, Malaysia has maintained its position as a major player in the international timber and timber products market. In 2024 alone, timber exports were valued at RM22.92 billion, which is a remarkable achievement that reinforces the country's standing as one of the world's leading exporters of premium-quality timber products. Major export products include furniture worth RM9.89 billion (43% market share), plywood RM2.40 billion (11% market share), sawn timber RM2.05 billion (9% market share) and builder's and joinery carpentry RM1.32 billion (6% market share).

*(Source: Malaysian Timber Industry Board, Ministry of Plantation and Commodities)*

Malaysia's timber industry continues to be a key pillar of the national economy, delivering consistent export performance year after year. Over the past decade, it has recorded an average annual export value of RM21 billion, a testament to its enduring relevance and international demand. With timber products reaching over 160 countries and an average annual export value of RM21 billion, the industry continues to thrive through innovation and sustainable practices, securing its place as a trusted global leader in tropical timber and wood-based solutions. The outlook for the timber industry is supported by rising demand for sustainable timber products, the gradual recovery of the global construction sector, and Malaysia's ongoing efforts to diversify its export markets.

*(Source: Malaysian Timber Council, Ministry of Plantation and Commodities)*

Conversely, we noted that the wood pellet biomass industry has faced increasing scrutiny over its environmental credentials, including concerns relating to deforestation risks, high production energy intensity, and debates surrounding its recognition as a renewable energy source. Against this backdrop, the Group's decision to scale down and exit the biomass business appears aligned with current global trends prioritising sustainability and reduced environmental impact.

From a financial and operational standpoint, the Proposed Disposals are expected to enable BTM Group to monetise its investments in the Factory Building and the PME and to utilise the Disposals Consideration for the settlement of the Settlement Sum. The proposed settlement structure will reduce the Group's debt obligations and improve its balance sheet strength, thereby allowing it to reallocate financial resources to support its core operations.

The Board's intention to reallocate approximately RM7.59 million from the Rights Issue Proceeds for working capital purposes and an additional RM12.00 million towards a new business venture demonstrates a proactive capital management approach aimed at improving operational liquidity and future growth prospects.

Overall, the Group's outlook remains positive, supported by favourable long-term prospects for Malaysia's timber industry and the Group's efforts to strengthen its financial position, streamline operations, and diversify revenue sources. The realignment of resources and renewed focus on the timber business are expected to reinforce the Group's competitive positioning, while its strategic diversification may contribute positively to long-term shareholder value and sustainability objectives.

**Premised on the above, we are of the view that the prospects of the Proposed Disposals are expected to be positive and thus the Proposed Disposals are not detrimental to the interest of the non-interested Shareholders.**

## **6.6 Risk factors for the Proposed Disposals**

We have taken note of the risk factors relating to the Proposed Disposals as set out in **Section 2.14** of Part A of the Circular include but not limited to the following:

### **(i) Non-Completion of SPA**

The Proposed Disposals are conditional upon the Vendor and the Purchaser fulfilling their obligations under the SPA, failing which, any party to the SPA will be entitled to terminate the SPA. In the event the approval of the Company's shareholders is not forthcoming, and the Purchaser elects to terminate the SPA, the Vendor is required to repay all advances received by it as set out in **Section 2.11** of Part A of this Circular in cash to the Purchaser. For clarity purpose, the advances is only intended to be set-off against the Disposals Consideration pursuant to the SPA.

With respect to the risk of non-completion of SPA, we acknowledge that the non-fulfilment, non-compliance or non-waiver of the conditions precedent and obligations as stipulated in the SPA and as set out in Appendix I of Part A of the Circular would result in a delay or termination of the Proposed Disposals. Accordingly, there is no assurance that the Proposed Disposals can be completed within the time period permitted under the SPA.

We are of the view that the risk of non-completion of SPA for the Proposed Disposals is common aspect of similar proposals or arrangements. In the event that the conditions precedent or obligations are not fulfilled, the SPA may be terminated and the Proposed Disposals will not materialise.

### **(ii) Compulsory acquisition by the Government**

The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act, 1960. In such event, the amount of compensation to be awarded is based on the market value of the property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws.

Should any compulsory acquisition take place prior to the completion of the Proposed Factory Building Disposal and the Purchaser elects to terminate the SPA, the compensation to be awarded to BTMBP as a result of the compulsory acquisition could be lower than the Factory Building Disposal Consideration. In this regard, BTM will endeavour to obtain fair compensation from the Malaysian Government based on the Factory Building Disposal Consideration.



In evaluating the Proposed Disposals, non-interested Shareholders should carefully consider the above risk factors prior to voting on the resolution pertaining to the Proposed Disposals at the forthcoming EGM. Non-interested Shareholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

## **7. CONCLUSION AND RECOMMENDATION**

Non-interested Shareholders should take into account all the merits and demerits of the Proposed Disposals based on all relevant and pertinent factors including those which are set out in the Circular, IAL, and other publicly available information.

In arriving at our conclusion and recommendation, DWA Advisory has considered the following factors, which the non-interested Shareholders should consider in evaluating the Proposed Disposals as summarised below:

- (i) the rationale for the Proposed Disposals is reasonable and not detrimental to the non-interested Shareholders;
- (ii) the basis and justifications of the Disposals Consideration which are supported by the independent valuation by the Valuer and the manner of settlement of the Disposals Consideration are fair and reasonable and not detrimental to the non-interested Shareholders;
- (iii) the salient terms of the SPA are reasonable and not detrimental to the non-interested Shareholders;
- (iv) the overall effects of the Proposed Disposals are not detrimental to the non-interested Shareholders;
- (v) the prospects of the Group; and
- (vi) the risk factors relating to the Proposed Disposals.

Given the factors above, the decision to be made will depend on the individual risk appetite and specific requirements of the non-interested Shareholders. While we recognise the fact that the various non-interested Shareholders may have different risk profiles and investment outlooks, we advise them to also carefully consider other factors such as the future plans and prospects of BTM and any other relevant considerations including those set out in this IAL.

Premised on the foregoing and our evaluation of the Proposed Disposals, DWA Advisory is of the opinion that the Proposed Disposals are **FAIR AND REASONABLE** and are **NOT DETRIMENTAL** to the interest of the non-interested Shareholders.

Accordingly, DWA Advisory recommends that the non-interested Shareholders **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposals at the forthcoming EGM.

Yours faithfully,  
For and on behalf of  
**DWA ADVISORY SDN BHD**

**Mohamad Farouqi Mohamad Hassan**  
Senior Consultant

**Dato' Wan Asmadi Wan Ahmad**  
Managing Principal

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**SALIENT TERMS OF THE SPA**


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The salient terms and conditions of the SPA included, amongst others, the following:

**1. SALE AND PURCHASE**

In consideration of the Purchaser agreeing to pay to the Vendor the total purchase consideration of RM4,500,000.00 (“**Purchase Consideration**”), the Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Factory Building as well as the plants and machineries installed and equipped within the Factory Building (“**Machineries**”) free from all encumbrances and with vacant possession, at the Purchase Consideration, subject to the terms and conditions contained in the SPA.

(the Machineries and Factory Building shall be collectively referred to as “**Assets**”)

**2. PURCHASE CONSIDERATION**

The Purchase Consideration shall be paid by the Purchaser to the Vendor in the following manner:

(i) Deposit

A sum of **RM450,000.00 only** which is equivalent to ten per centum (10%) of the Purchase Consideration shall deemed paid by way of set-off against a corresponding portion of the Settlement Sum.

(ii) Balance Purchase Consideration

A sum of **RM4,050,000.00 only** which is equivalent to ninety per centum (90%) of the Purchase Consideration, being the balance of the Purchase Consideration (“**Balance Purchase Consideration**”) shall be deemed paid by way of set-off against the remaining portion of the Settlement Sum on the Unconditional Date (as defined herein below).

**3. CONDITIONS PRECEDENT**

**3.1 Conditions Precedent**

The sale and purchase of the Assets shall be subject to the fulfilment of all the following conditions precedent (“**Conditions Precedent**”) within 6 months from the date of the SPA, or such other period, as may be mutually agreed between the Vendor and Purchaser in writing (“**Conditional Period**”):

- (i) the holding company of the Vendor, namely BTM to obtain its shareholders’ approval in respect to the sale of the Assets by Vendor to the Purchaser in a general meeting to be convened;
- (ii) the approval of the board of directors of BTM authorising the sale of the Assets to the Purchaser;
- (iii) the approval of the board of directors of the Purchaser authorising the purchase of the Assets from the Vendor;
- (iv) the approval of the shareholders of the Purchaser authorising the purchase of the Assets from the Vendor;
- (v) the Vendor to provide the certified true copy of the certificate of fitness for occupation or certificate of completion of compliance, as the case may be, for the Factory Building;
- (vi) the Vendor to provide a list of the Machineries; and
- (vii) the Vendor to provide any additional documents deemed necessary to facilitate the transfer of the legal ownership of the Assets from the Vendor to the Purchaser.

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**SALIENT TERMS OF THE SPA (CONT'D)**


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**3.2 Non-Satisfaction/Waiver**

If any of the Conditions Precedent are not fulfilled or waived by the expiry of the Conditional Period, either party may terminate the SPA by notice in writing to the other whereupon the Purchaser shall refund the Deposit to the Purchaser within 14 working days after receiving the notice of termination. Thereafter, the SPA shall be terminated and shall be of no further force and effect and neither party hereto shall have any claims against the other save and except for any other antecedent breach.

**3.3 Unconditionality**

The SPA will become unconditional on the date the Conditions Precedent are all fulfilled (the “**Unconditional Date**”).

**4. Tenanted Land****4.1 Termination of tenancy**

In the event that completion of the SPA takes place prior to the expiry of the Tenancy Agreement on 13 November 2025, the Vendor and Purchaser hereby agree that, for the purpose of facilitating the Purchaser’s use of the Assets, either party shall be entitled to terminate the Tenancy Agreement by serving 30 days’ prior written notice (or number of days mutually agreed between the parties) on the other party after the completion date.

**4.2 Extension of tenancy**

If completion of the SPA does not occur by the expiry of the Tenancy Agreement on 13 November 2025 (which falls within the Conditional Period), the Purchaser and Vendor shall discuss in good faith the extension of the Tenancy Agreement for such period as may be reasonably required to facilitate completion of the SPA.

**5. Termination****5.1 Default and termination**

Either party may terminate this agreement with immediate effect by giving written notice to the other party before completion of the SPA if:

- (i) the other party is/becomes insolvent, commits an act of bankruptcy, is unable to pay its debts when they fall due, has a bankruptcy or winding-up petition presented against such party, or has a receiver and/or manager appointed over all or any part of its undertaking and assets or an order of court (whether provisional or final) is made or a resolution is passed for its winding-up;
- (ii) the other party enters or attempts to enter into any compromise or arrangement with its creditors or ceases, or threatens to cease, to carry on business;
- (iii) distress or execution or other processes of a court of competent jurisdiction is levied upon or issued against the other party’s property and such distress, execution or other process as the case may be, is not satisfied by such party within 14 days from the date thereof; or
- (iv) the other party commits a breach of any of the terms or conditions of this Agreement and, where such breach can be remedied, fails or refuses to remedy such breach within 7 days (or such other longer period as the party issuing the notice may specify) from its receipt of a written notice given by the non-defaulting party requiring such remedy.

(collectively, “**Event of Default**”)

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**SALIENT TERMS OF THE SPA (CONT'D)**

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Upon the occurrence of any Event of Default, either party may, at any time and while the other party's default as described herein subsists give a notice of termination to the other party to terminate the SPA forthwith without prejudice to all other rights and remedies available at any time to the other party and to take such actions or proceedings as it deems fit to claim damages and loss and all costs and expenses (on a full indemnity basis) incurred in connection with such actions or proceedings and effect of termination shall take place.

In the event that any party is deemed to have defaulted or failed to observe or perform any of the provisions under this Agreement, the other party may at its sole and absolute discretion be entitled to elect to pursue the remedy of specific performance of the SPA against the party in breach and to all reliefs flowing therefrom.

**5.2 Effect of Termination**Termination by Vendor due to default by Purchaser

- (i) the Deposit paid by the Purchaser shall forthwith be forfeited as agreed liquidated damages and the Vendor shall refund to the Purchaser all other monies that have been received by the Vendor to the Purchaser free of interest within 14 days after receiving the notice of termination.
- (ii) the Vendor shall have the absolute right to re-sell the Assets to any third party in such manner at such price and on such terms as the Vendor may think fit.
- (iii) each party will have no further obligations to the other party.
- (iv) its termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SPA.

Termination by Purchaser due to default by Vendor

- (i) Vendor shall within 14 days from the date of receipt of the notice of termination from the Purchaser refund to the Purchaser free of interest all monies paid and/or deemed paid by and on behalf of the Purchaser towards account of the Purchase Price including but not limited to the Deposit in addition thereto the Vendor shall also simultaneously pay to the Purchaser a further sum equivalent to the Deposit as agreed liquidated damages.
- (ii) the Vendor shall have the absolute right to re-sell the Assets to any third party in such manner at such price and on such terms as the Vendor may think fit.
- (iii) each Party will have no further obligations to the other party.
- (iv) its termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SPA.

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**CERTIFICATE OF VALUATION FOR THE FACTORY BUILDING**


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**PA INTERNATIONAL**  
**PROPERTY CONSULTANTS (KL) SDN BHD**  
 (200601029159) (748916W) (V (1) 007715)  
 PA国际物业顾问(吉隆坡)有限公司

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Our Ref: KL/VAL242576

12<sup>th</sup> September 2025

Messrs. BTM Resources Berhad  
 No. 35-3 Block D1,  
 Jalan PJU 1/41,  
 Dataran Prima,  
 47301 Petaling Jaya,  
SELANGOR DARUL EHSAN

Dear Sirs,

**RE : CERTIFICATE OF VALUATION OF AN INDUSTRIAL PREMISES COMPRISING LAND AND BUILDING, HELD UNDER TITLE NO. PN 3936, LOT 12373, MUKIM OF BUKIT PAYUNG, DISTRICT OF MARANG, STATE OF TERENGGANU ("VALUATION CERTIFICATE")**

***Instructions***

We have been instructed by BTM Resources Berhad to ascertain the Market Value of the remaining leasehold interest in the above-mentioned property (hereinafter referred to as the "subject property") for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed disposal of a single story factory building ("Building 1") erected on the subject property by BTM Biomass Products Sdn Bhd, a wholly owned subsidiary of BTM Resources Berhad (BTM) to Gimzan Plywood Sdn Bhd ("Proposed Disposal").

We are pleased to certify that we have prepared a formal valuation report and valued the legal interest in the subject property as at the Date of Valuation on 4<sup>th</sup> August 2025.

This Certificate of Valuation is prepared for inclusion in the Circular to Shareholders of BTM Resources Berhad in relation to the Proposed Disposal.

***Valuation***

The Valuation Certificate has been prepared based on the Asset Valuations Guidelines issued by the Securities Commission Malaysia and professional standards prescribed by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia. The basis of valuation for the purpose of the valuation report is **MARKET VALUE**, which as defined in the **MALAYSIAN VALUATION STANDARDS** is as follows:-

"Market Value" is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The necessary title search has been conducted at the Registry of Land and Mines, Kuala Terengganu. The valuation report has been prepared with reference to all the relevant information as provided by Messrs. BTM Resources Berhad. All data and information thus obtained from the said sources are deemed correct for the purpose of this valuation.

This Certificate of Valuation is to be read in conjunction with the full Valuation Report.



Page 1 of 6

Registered Valuers - Property Consultants - PA & Hengkeong Valuers

Chairman / K. Parampathy Group Managing Director / A. Subramaniam Group Deputy Managing Director - Siew Kek Kong  
 Executive Director / Jerome Hong Boon Peng Directors - Ong May May, Sam Ang Yew Poh



(A Member of PA International Group of Companies)

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 REPRESENTATIVE OFFICE : Ho Chi Minh City (Vietnam)

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**CERTIFICATE OF VALUATION FOR THE FACTORY BUILDING (CONT'D)**


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**Terms of Reference**

We are instructed to ascertain the Market Value of the remaining leasehold interest in the subject property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the Proposed Disposal.

The valuation undertaken relates to the remaining leasehold interest of approximately 31 years held by Gimzan Plywood Sdn Bhd, the registered proprietor of the subject property.

The subject property comprises the leasehold land together with two buildings, namely 'Building 1' and 'Building 2'. For the purpose of the Proposed Disposal, we were instructed to value the land together with 'Building 1' only.

'Building 1' was originally constructed by the tenant, BTM Biomass Products Sdn Bhd, at its own cost during the tenancy period under an agreement dated 14 May 2015, which was subsequently renewed by letters of short-term renewal. As such, the tenant no longer retains any proprietary or equitable interest in 'Building 1'.

**Subject Property**

The subject property is a parcel of industrial land improved upon with two (2) single-storey wood pellet manufacturing factories identified as 'Building 1' and 'Building 2'.

It is situated to the east of an on-going residential development known as 'Taman Puncak Temala', within the locality of Kawasan Perindustrian Wakaf Tapai, off Jalan Kuala Berang, Marang, Terengganu Darul Iman, bearing postal address of Lot 12373, Kawasan Perindustrian Wakaf Tapai, 21040 Marang, Terengganu Darul Iman.

Salient details of the subject property are as follows:-

<b>Particulars of Ownership</b> <i>(As extracted verbatim from the Official Title Search document)</i>	Title No.	:	PN 3936
	Lot / PT No.	:	Lot 12373
	Mukim	:	Mukim of Bukit Payung
	District	:	Marang
	State	:	Terengganu
	Titled Land Area	:	307,600 square metres
	Tenure	:	Leasehold interest for 60 years expiring on 17 <sup>th</sup> December 2056
	Quit Rent	:	RM36,912.00
	Category of Land Use	:	Industri ( <i>Industrial</i> )
	Express Conditions	:	i) Hendaklah digunakan untuk perusahaan kilang membuat papan lapis dan mendirikan bangunan yang berkaitan dengannya sahaja.  <i>(The land shall be used solely for the purpose of operating a plywood manufacturing factory and for the construction of buildings related thereto.)</i>
			ii) Dalam tempoh dua tahun dari tarikh diberimilik hendaklah digunakan untuk perusahaan kilang papan lapis dan mendirikan bangunan yang berkaitan dengannya sahaja mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan.  <i>[Within two (2) years from the date of title issuance, the land shall be utilised for the operation of a plywood factory and the construction of related buildings, subject to the plans approved by the Local Authority.]</i>



**CERTIFICATE OF VALUATION FOR THE FACTORY BUILDING (CONT'D)**


<b>Particulars of Ownership</b> <i>(As extracted verbatim from the Official Title Search document)</i>	<p style="text-align: center;"><b>SYARAT KHAS (SPECIAL CONDITIONS):</b></p> <p>i) Hendaklah mematahi arahan-arahan, nasihat-nasihat dan sayat-syarat yang dikenakan oleh Pentadbir Tanah, Penguasa-Penguasa Tempatan, Jabatan Alam Sekitar dan Jabatan-Jabatan/ Agensi-Agensi lain pada setiap masa.</p> <p><i>(All instructions, advice, and conditions imposed by the Land Administrator, Local Authorities, Department of Environment, and other relevant departments or agencies shall be complied with at all times.)</i></p> <p>ii) Tenaga samada buruh kasar atau kakitangan mahir yang bekerja diatas tanah ini atau didalam kilang ini hendaklah diberi keutamaan kepada Bumiputra rakyat Duli Yang Maha Mulia Sultan Terengganu.</p> <p><i>(Priority for employment, whether for general labour or skilled personnel working on this land or in the factory, shall be given to Bumiputera citizens of His Royal Highness the Sultan of Terengganu.)</i></p> <p>Restrictions In-Interest : * (i) Tidak dibenarkan pindahmilik, digadaai atau dipajak kecuali mendapat kebenaran Pihak Berkuasa Negeri.</p> <p><i>(Transfer of ownership, mortgaging, or leasing is not permitted unless with the approval of the State Authority.)</i></p> <p>(ii) Tidak boleh dibelah bahagi.</p> <p><i>(Subdivision is not allowed.)</i></p> <p>Registered Proprietor : Gimzan Plywood Sdn Bhd</p> <p>Encumbrances : -</p> <p>Other Endorsements : ** Permohonan Tukarsyarat, Sekatan, Kategori Tanah melalui No. Perserahan. 00N606/2024 didaftarkan pada 09 September 2024</p> <p><i>(Application for Change of Land Use Conditions, Restrictions, and Land Category vide Presentation No. 00N606/2024 had been registered on 9<sup>th</sup> September 2024)</i></p> <p><b>The above particulars are deemed correct as at the date of Valuation.</b></p> <p><b>Notes: * FOR THE PURPOSE OF THIS VALUATION, WE HAVE ASSUMED THAT SUCH CONSENT WILL NOT BE UNREASONABLY WITHHELD BY THE STATE AUTHORITY.</b></p> <p><b>** Vide our verbal enquiries with Pejabat Pengarah Tanah dan Galian Terengganu, an application for subdivision and change of restriction in interest has been submitted and is currently in process by the authority. This does not bear any impact to this valuation.</b></p>
<b>General Description</b>	<p><b><u>Location</u></b></p> <p>The subject property bears direct frontage onto an unnamed road within the locality of Kawasan Perindustrian Wakaf Tapai. The latter is located approximately 30 kilometres due the south-west of the Kuala Terengganu city centre and approximately 12 kilometres to the north-east of the Hulu Terengganu District Council.</p> <p><b><u>Accessibility</u></b></p> <p>The subject property is well-positioned off Jalan Kuala Berang (T3), providing seamless connectivity to key destinations such as Kuala Terengganu, Ajil (about 3 kilometres due west), and Kuala Berang (about 12 kilometres due south-west).</p> <p>Alternatively, the subject property is also easily accessible through major highways such as the Jerangau-Jabor Highway, Federal Route 14 and the East Coast Expressway Phase 2 (LPT2), providing efficient links to Kuala Lumpur, Kuantan, and other major economic hubs along the east coast. The Ajil Toll Plaza connecting to LPT2 Expressway is located about 5.5 kilometres due south-west from the subject property.</p>

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**CERTIFICATE OF VALUATION FOR THE FACTORY BUILDING (CONT'D)**


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<b>General Description</b>	<p><b>Site</b></p> <p>The subject site is a parcel of leasehold industrial land, irregular in shape and contains a titled land area of 307,600 square metres (about 76.01 acres or 30.76 hectares). It has a frontage width of about 253.269 metres onto an unnamed road with a maximum depth of about 778.460 metres. The land is generally flat in terrain and lies about the same level as the metalled frontage road and neighbouring lands.</p> <p>As at the date of inspection, we noted that part of the subject site was developed with some buildings, leaving the balance area levelled and ready for development. The developed area is mainly located at the western portion of the subject site.</p> <p>On-site we noted that there are no visible form of fencing on the site boundaries and access to the buildings are via a graveled road driveway.</p> <p><b>Buildings</b></p> <p>Erected upon the subject site are two (2) single-storey wood pellet manufacturing factories identified as 'Building 1' and 'Building 2' together with ancillary buildings.</p> <p><b>However, instructions to us are to assess the market value of the land and 'Building 1' only, disregarding 'Building 2' and other ancillary building.</b></p> <p>'Building 1' is generally constructed of steel portal framework and reinforced concrete flooring, plastered brickwalls/metal claddings (partially open-sided) and metal deck roofing sheets. It has a total approximate gross floor area of about 7,520.87 square metres (80,954 square feet "sq. ft.") with eaves height of about 20 feet high.</p> <p>We noted that 'Building 1' has been issued with a Certificate of Completion and Compliance by Ar. Teh Moon Chong (Registration No. LAM:A/T 82) dated 15<sup>th</sup> December 2019, bearing Reference No. LAM/T/No.12829.</p> <p>The building is in fair condition, when inspected.</p> <p>We noted that the building has been slightly extended. However, our verbal enquiries with Majlis Daerah Marang have revealed that no approval has been obtained for the extended portions measuring about 16,599 square feet (1,542 square metres) and no penalty thus far arises from the extended portions that was made available to us as at the date of this valuation. As such, we have disregarded these portions in our computation of Market Value.</p> <p>'Building 2' is a single-storey industrial warehouse factory belonging to Gimzan Plywood Sdn Bhd (<i>the Registered Proprietor</i>), located parallel to the east side of Building 1. Based on our site inspection, we noted that the building constructed of steel portal framework and concrete flooring. The walls are of plastered brickwalls and metal claddings, with metal deck roofing sheets. The building was observed to be unoccupied at the time of inspection, and it is in a fair state of repair and is designed for industrial use. However, for the purpose of this Valuation, we have disregarded 'Building 2'.</p>
<b>Planning Control</b>	<p>The subject property is located within an approved scheme and is designated for industrial use as expressly stipulated in the title document.</p>
<b>Occupancy</b>	<p>Vide a tenancy agreement dated 14<sup>th</sup> May 2015, between Gimzan Plywood Sdn Bhd (Landlord/Registered Proprietor) and BTM Biomass Products Sdn Bhd (Tenant/Client), we noted initially that part of the land measuring approximately 26.92 acres was tenanted for a term of about three (3) years for a monthly rental of RM26,917.70 and has since then been renewed twice via extension letters dated 13<sup>th</sup> February 2018 and 12<sup>th</sup> February 2021 with all the term and conditions remain as per the tenancy agreement until 13<sup>th</sup> May 2024.</p> <p>Subsequently, vide a letter of extension dated 23<sup>rd</sup> April 2024, the tenancy has been renewed for another one (1) year with a revised tenanted land area of about two (2) acres limited to the portion on which 'Building 1' is situated, commencing 14<sup>th</sup> May 2024 and expired on 13<sup>th</sup> May 2025 at a monthly rental of RM2,229/-.</p> <p>Subsequently, based on the latest letter of extension dated 14<sup>th</sup> May 2025, the tenancy has been further extended for six (6) months commencing 14<sup>th</sup> May 2025 and expiring on 13<sup>th</sup> November 2025 under the same terms and conditions set out in the previous extension letter dated 23<sup>rd</sup> April 2024.</p>



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**CERTIFICATE OF VALUATION FOR THE FACTORY BUILDING (CONT'D)**


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**Valuation Approach**

Due to the limited availability of rental and yield data for large parcels of industrial land currently in the state of Terengganu, and given that the subject land is not fully optimised, we are of the opinion that the Cost Approach is the most appropriate basis to reflect the true market value of the property.

In the **Cost Approach**, the value of the land is added to the replacement cost of the building and other site improvements.

The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject land as an improved site.

The replacement cost of the building is derived from the estimation of reconstructing a building of same kind and design as when new, based on current market prices for materials, labour and present construction techniques and deducting there from the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.

**Cost Approach**

In adopting the cost approach, considering the limited supply of industrial lands within the immediate localities of the subject property we have considered the following transactions of industrial/residential lands within the larger neighbourhood and in the state of Terengganu for the valuation:-

**Land Value**

Comparable No.	1	2	3
Type of Property	A parcel of residential land	A parcel of industrial land	A parcel of residential land
Address / Locality	PT 22538, located about 3km south-west of Kompleks Pertanian UMT Bukit Kor and north of Tangki Air Bukit Gondang, Terengganu	Lot 60634, along Jalan Kemaman Bitumen, Chukai, Terengganu	Lot 4347, Situated to the immediate west of SMK Rusila and SK Medan Jaya, Marang, Terengganu
Title Particulars	Title No. HSD 4619, PT 22538, Mukim of Bukit Payung, District of Marang, State of Terengganu	Title No. PN 9947, Lot 60634, Mukim of Teluk Kalung, District of Kemaman, State of Terengganu	Title No. GRN 8631, Lot 4347, Mukim of Rusila, District of Marang, State of Terengganu
Land Size	2,292,142 sq. ft. (about 52.62 acres)	1,517,711 sq. ft. (about 34.84 acres)	942,488 sq. ft. (about 21.64 acres)
Tenure	Leasehold interest for 98 years expiring on 15 November 2115 (95 years remaining as at the date of transaction)	Leasehold interest for 50 years expiring on 16 April 2063 (44 years remaining as at the date of transaction)	Interest in perpetuity
Consideration	RM4,500,000/-	RM11,000,000/-	RM2,000,000/-
Vendor (s)	Teratai Fokus (M) Sdn Bhd	Kemaman Bitumen Sdn Bhd	Koperasi Belia Nasional Berhad
Purchaser (s)	Pasifik Idaman Sdn Bhd	Kemaman Oil Corporation Sdn Bhd	Pentas Tabir Sdn Bhd
Date of Transaction	13/06/2020	03/06/2019	30/05/2018
Analysed Value	RM1.96 per sq. ft.	RM7.25 per sq. ft.	RM2.12 per sq. ft.
Sources	JPPH & Form 14A search	Form 14A search	JPPH & Form 14A search
Adjustment Factors	Upwards Location, accessibility, category of land use, shape and terrain  Downwards Tenure	Downwards Location, accessibility, land size, tenure and development synergy	Upwards Location, accessibility, category of land use, shape and terrain  Downwards Land size and tenure
Adjusted Market Rate	RM2.70 per sq. ft.	RM3.26 per sq. ft.	RM2.33 per sq. ft.

It can be summarised from the above that the analysed adjusted values fall within the region of RM2.33 per square foot to RM3.26 per square foot.

No adjustment has been made for time, as the market for large industrial parcels in the state of Terengganu has shown minimal price movement in recent years.

Taking into consideration the differences of the subject property and the comparables, we have adopted Comparable No. 2 with analysed adjusted value of RM3.26 per square foot as the best comparable as it is the most similar comparable to the subject property, sharing similar characteristics such as tenure and category of land use.

**CERTIFICATE OF VALUATION FOR THE FACTORY BUILDING (CONT'D)**

Accordingly, we have adopted a rounded-down figure of RM3.00 per square foot as the base rate to derive at the Land Value of the subject property.

**Building Value**

Based on JUBM Group Construction Cost Handbook Malaysia 2024, the construction cost for a single-storey conventional factory of structural steelwork is ranging from RM138/- per square foot to RM194/- per square foot.

Taking into consideration that the 'Building 1' is a partially open-sided structure, we have considered RM100/- per square foot for the factory/warehouse/office area whilst 50% discount has been allocated for its ancillary floor areas.

The 'Building 1' is approximately 6 years old. However, when inspected, we noted that the building is in a fair state of repair and thus, we have adopted a 50% depreciation for the subject building taking into consideration the following factors:-

- (i) Physical obsolescence of the building arising from the rapid physical deterioration to the steelwork structures due to wear and tear. While open-sided construction typically has lower initial construction cost, it would also accelerate deterioration due to exposure to rain/humidity/ultraviolet rays/sawdust, leading to shorter effective life and higher lifecycle maintenance warranting a functional discount in addition to physical wear;
- (ii) Functional obsolescence of the building arising from the design limitations, particularly the open-sided wall structure whereby it reduces flexibility of use, provides limited environmental protection for machinery and materials, and may not meet the operational standards or regulatory requirements of alternative industrial uses; and
- (iii) Economic obsolescence of the building as the building is tailored to wood pellet production and may not be easily adaptable or attractive to a broader pool of other industrial users.

Accordingly, based on the above analysis, we have arrived at a Depreciated Building Value of RM4,000,000/-.

**Opinion of Value**

Having considered all the above factors, we have arrived at the Market Value of the subject property using Cost Approach at **RM13,900,000/-**.

**Conclusion**

Having carried out all necessary investigations and consideration of all relevant factors, we are of the opinion that the present Market Value of the subject property, held under Title No. PN 3936, Lot 12373, Mukim of Bukit Payung, District of Marang, State of Terengganu, *subject to Terms of Reference aforementioned above*, free from all encumbrances and with vacant possession, as at **4<sup>th</sup> August 2025**, is **RM13,900,000/- (RINGGIT MALAYSIA: THIRTEEN MILLION AND NINE HUNDRED THOUSAND ONLY)**.

The above value may be apportioned as follows: -

Land only : RM 9,900,000/-  
 Building 1 only : RM 4,000,000/-  
 Land & Building : **RM13,900,000/-**

Yours faithfully  
 for and on behalf of  
**PA INTERNATIONAL  
 PROPERTY CONSULTANTS (KL) SDN. BHD.**

**Sr SUBRAMANIAM A/L ARUMUGAM, FRISM, MRICS, FPEPS, MMIPFM**  
 Chartered Valuation Surveyor  
 & Registered Valuer (V-450)

**SUMMARY AND COMMENTARIES ON THE FINANCIAL INFORMATION OF THE GROUP**

A summary of the historical financial information of the Group for the audited FYE December 2022, FYE 31 December 2023 and 18M-FPE 30 June 2025 as well as 3-month financial period ended (“3M-FPE”) 30 September 2025 are as follows:

	Audited					Unaudited
	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	FYE 31 December 2022 (RM'000)	FYE 31 December 2023 (RM'000)	18M-FPE 30 June 2025 <sup>(5)</sup> (RM'000)	3M-FPE 30 September 2025 (RM'000)
Revenue	8,366	8,005	8,251	7,184	9,105	1,361
LBT	(4,203)	(6,055)	(7,727)	(19,966)	(16,899)	(1,060)
LAT attributable to owners of the Company	(4,198)	(6,053)	(7,726)	(19,949)	(17,233)	(1,060)
Share capital	31,299	34,129	34,129	97,895	97,895	97,895
Shareholders' fund / NA	22,133	18,742	11,016	73,615	55,128	54,069
No. of Shares in issue ('000)	155,479	171,026	171,026	1,256,487	1,256,487	1,256,487
Weighted average number of Shares in issue ('000)	144,434	164,254	171,026	1,204,339	1,256,487	1,256,487
NA per Share (RM) <sup>(1)</sup>	0.14	0.11	0.06	0.06	0.04	0.04
Basic earning/ (loss) per Share <sup>(2)</sup> (sen)	(2.91)	(3.68)	(4.52)	(1.66)	(1.37)	(0.08)
Current assets	7,048	8,862	16,905	41,915	28,814	22,679
Current liabilities	12,020	16,029	28,111	19,452	10,859	9,744
Current ratio (times) <sup>(3)</sup>	0.59	0.55	0.60	2.15	2.65	2.33
Total borrowings*	2,872	1,611	4,595	4,780	606	50
Gearing (times) <sup>(4)</sup>	0.13	0.09	0.42	0.07	0.01	Negligible

Notes:

\* Including lease liabilities.

(1) Calculated as NA divided by number of number of Shares in issue.

(2) Calculated as LAT attributable to owners of the Company over weighted average number of BTM Shares for the respective financial years/periods under review.

(3) Calculated based on current assets divided by current liabilities.

(4) Calculated based on borrowings divided by equity attributable to the owners of the Company.

(5) The Company had on 30 December 2024 announced the change in its financial year end from 31 December to 30 June.

**Commentaries:****(i) FYE 31 December 2021 vs FYE 31 December 2020**

For the FYE 31 December 2021, the Group recorded lower revenue of RM8.00 million as compared to RM8.37 million in FYE 31 December 2020, mainly due to the effect of the continuing imposition of movement control order (MCO) arising from the COVID-19, which affected the production activities and availability of raw materials.

However, the Group incurred higher LAT from RM4.20 million for FYE 31 December 2020 to RM6.06 million for FYE 31 December 2021. This is attributable mainly due to a one-time off gain on disposal of arising from prepaid lease payments of RM2.15 million in FYE 31 December 2020.

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**SUMMARY AND COMMENTARIES ON THE FINANCIAL INFORMATION OF THE GROUP**  
**(CONT'D)**


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**(ii) FYE 31 December 2022 vs FYE 31 December 2021**

For FYE 31 December 2022, the Group recorded higher revenue of RM8.25 million as compared to RM8.00 million in FYE 31 December 2021, mainly due to the increase in the production of wood pellets;

Notwithstanding the higher revenue, the Group recorded a higher LAT, which increased to RM7.73 million in FYE 31 December 2022 from RM6.05 million in FYE 31 December 2021, mainly attributable to:

- (i) higher cost of sales due to the volatility of the raw materials price; and
- (ii) higher administrative expenses of RM5.41 million for the FYE 31 December 2022 compared to the administrative expenses of RM3.63 million for the FYE 31 December 2021, attributed to the corporate exercise expenses amounted to RM1.07 million.

**(iii) FYE 31 December 2023 vs FYE 31 December 2022**

The Group recorded a lower revenue of RM7.18 million for the FYE 31 December 2023, representing a decrease of RM1.07 million or 12.97% as compared to RM8.25 million in the FYE 31 December 2022. The decrease was mainly attributable to lower quantity sold as a result of lower demand from customers.

Correspondingly, the Group recorded a LAT of RM19.95 million for the FYE 31 December 2023 as compared to an LAT of RM7.73 million in the FYE 31 December 2022, representing an increase in loss of RM12.22 million or 158.09%, mainly due to:

- (i) lower revenue as stated above;
- (ii) higher administrative expenses of RM16.16 million for the FYE 31 December 2023 compared to the administrative expenses of RM5.41 million for the FYE 31 December 2022, attributed to the LTIP expenses amounting to RM10.65 million incurred to reward eligible persons of the Group; and
- (iii) higher finance costs of RM0.68 million for the FYE 31 December 2023 compared to the finance costs of RM0.15 million due to higher interest expenses attributable to term loan and bank overdraft.

**(iv) 18M-FPE 30 June 2025 vs FYE 31 December 2023**

The Group recorded a slightly lower annualised revenue of RM6.07 million for the 18M-FPE 30 June 2025, representing a decrease of RM1.11 million or 15.46% as compared to RM7.18 million in the FYE 31 December 2023. The marginal decrease was mainly attributable to lower quantity sold as a result of lower demand from customers.

The Group recorded an annualised LAT of RM11.49 million for the 18M-FPE 30 June 2025 as compared to a LAT of RM19.95 million in the FYE 31 December 2023, representing a decrease in loss of RM8.46 million or 42.41%, which was mainly due to:

- (i) lower annualised administrative expenses of RM5.37 million for the 18M-FPE 30 June 2025 compared to administrative expenses of RM16.16 million due to the absence of LTIP expenses in 18M-FPE 30 June 2025 amounted to RM10.65 million;
- (ii) written-off of expenditure related to biomass power plant projects in 18M-FPE 30 June 2025 amounted to RM4.50 million;
- (iii) gain on disposal of a subsidiary company in 18M-FPE 30 June 2025 amounted to RM1.08 million; and
- (iv) higher professional fee incurred in FYE 31 December 2023 by an amount of RM0.76 million attributable to Rights Issue Exercise.

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**SUMMARY AND COMMENTARIES ON THE FINANCIAL INFORMATION OF THE GROUP**  
**(CONT'D)**


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In addition, the LAT of RM17.23 million for the 18M-FPE 30 June 2025 was mainly attributable to the following factors:

- (i) continued incurrence of fixed overhead costs amounting to RM7.01 million for the Group's operation, including depreciation expenses of RM3.41 million, notwithstanding the lower level of revenue;
- (ii) write-off of expenditure related to the biomass power plant project amounting to RM4.50 million;
- (iii) cost of sales of RM12.80 million in excess of revenue of RM9.10 million during the financial period; and
- (iv) impairment loss on plant and equipment amounting to RM2.02 million.

For information purposes, the accumulated losses of RM78.9 million as at 30 June 2025 represent the cumulative historical losses of the Group over past financial years and period, together with the losses recorded during the 18M-FPE 30 June 2025 of RM17.23 million.

**(v) 3M-FPE 30 September 2025**

In 3M-FPE 30 September 2025, the Group recorded revenue of RM1.36 million, mainly contributed by timber products segment, which accounted for approximately RM0.78 million or 57% of the Group's total revenue. The Group recorded a LAT of RM1.06 million. The LAT was mainly attributable to the administration expenses comprising payroll expenses amounting to RM0.58 million, depreciation expenses amounting to RM0.32 million, and general expenses amounting to RM0.16 million.

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries to the best of their knowledge and belief, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no false or misleading statements or information contained in this Circular, or other facts and information the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT****2.1 Principal Adviser**

TA Securities, as the Principal Adviser for the Proposals has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**2.2 Independent Adviser for the Proposed Disposals**

DWA Advisory, as the Independent Adviser for the Proposed Disposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, IAL as set out in Part B of this Circular to the non-interested Shareholders and all references thereto in the form and context in which they appear in this Circular.

**2.3 Valuer**

PA International, being the independent valuer for the Factory Building and PME in relation to the Proposed Disposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Certificate of Valuation dated 12 September 2025 in relation to the Proposed Factory Building Disposal as appended in **Appendix II** of this Circular and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATIONS OF CONFLICT OF INTERESTS****3.1 Principal Adviser**

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its role as the Principal Adviser for the Proposals.

**3.2 Independent Adviser for the Proposed Disposals**

DWA Advisory has confirmed that there is no conflict of interest which exists or is likely to exist that affect or may affect its ability to act independently and objectively as the Independent Adviser for the Proposed Disposals.

**3.3 Valuer**

PA International, has confirmed that there is no conflict of interest which exists or is likely to exist in its role as the independent valuer for the Factory Building and PME in relation to the Proposed Disposals.

**4. MATERIAL CONTRACTS**

Save for SPA, as at the LPD, BTM Group do not enter into any other material contract (not being contracts entered into the ordinary course of business of BTM Group) during the 2 years immediately preceding the date of this Circular.

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**FURTHER INFORMATION (CONT'D)**


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**5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Board is not aware of any other material litigation, claims or arbitration, pending or threatened against the Group or of any fact likely to give rise to any proceeding, which may materially affect the financial position or business of the Group.

As at the LPD, the Board confirmed that there is no material litigation, claims and/or arbitration involving the Factory Building and PME. The Board also confirmed that there are no proceedings, pending or threatened regarding the Factory Building and PME.

**6. MATERIAL COMMITMENTS**

As at the LPD, the Board confirmed that there is no other material commitment incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

**7. CONTINGENT LIABILITIES**

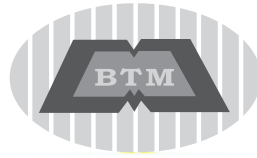
As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or the financial performance of the Group.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Level 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur during normal business hours from 9.00 a.m. to 6.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of the Company;
- (ii) the audited financial statements of the Group for the FYE 31 December 2023 and 18M-FPE 30 June 2025 as well as the latest quarterly results for the 3M-FPE 30 September 2025;
- (iii) the Certificate of Valuation and Valuation Report dated 12 September 2025 for the Factory Building prepared by the Valuer;
- (iv) the certificate of valuation and valuation report dated 12 September 2025 for the PME prepared by the Valuer;
- (v) the letters of consent and declaration of conflict of interest as referred to in **Sections 2 and 3** of this Appendix, respectively; and
- (vi) the SPA.

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**BTM RESOURCES BERHAD**

[Registration No. 199401018283 (303962-T)]

(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of BTM Resources Berhad (“**BTM**” or “**Company**”) (“**EGM**”) will be held at Andaman 1, Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, Friday, 6 February 2026 at 11:00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, to pass the following Ordinary/Special resolutions, with or without modifications:

**ORDINARY RESOLUTION 1**

**PROPOSED DISPOSAL BY BTM BIOMASS PRODUCTS SDN BHD (“BTMBP”), A WHOLLY-OWNED SUBSIDIARY OF BTM RESOURCES BERHAD (“BTM” OR “COMPANY”) OF A SINGLE-STOREY WOOD PELLET MANUFACTURING FACTORY BUILDING WITH A GROSS FLOOR AREA OF 7,520.87 SQUARE METRES, ERECTED ON THE LAND (“FACTORY BUILDING”) TO GIMZAN PLYWOOD SDN BHD (“GIMZAN”) FOR A TOTAL CONSIDERATION OF RM4.00 MILLION PAYABLE BY GIMZAN TO BTM WHICH WILL BE SET-OFF AGAINST THE SETTLEMENT SUM (“FACTORY BUILDING DISPOSAL CONSIDERATION”) PURSUANT TO THE TERMS OF THE SALE AND PURCHASE AGREEMENT (“SPA”) (“PROPOSED FACTORY BUILDING DISPOSAL”)**

“**THAT** subject to the approvals of the relevant authorities and/or parties having been obtained, approval be and is hereby given to BTMBP to dispose of the Factory Building to Gimzan for a total cash consideration of RM4.00 million subject to and upon the terms and conditions of the SPA dated 12 September 2025 entered into between BTMBP and Gimzan in relation to the Proposed Factory Building Disposal including any modifications, variations, amendments and/or additions thereto.

**THAT** the Board of Directors of the Company (“**Board**”) be and is hereby authorised to utilise the proceeds arising from the Proposed Factory Building Disposal for the purposes as set out in **Section 2.13** of Part A of the circular to shareholders of the Company in relation to amongst others, the Proposed Factory Building Disposal dated 12 January 2026 (“**Circular**”), and that the Board be and is hereby authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary, expedient and in the best interest of the Company, subject to the approval of the relevant parties and/or authorities (where required).

**AND THAT** the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Factory Building Disposal with full powers to assent to and give effect to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Factory Building Disposal.”

**ORDINARY RESOLUTION 2**

**PROPOSED DISPOSAL BY BTM BIOMASS PRODUCTS SDN BHD (“BTMBP”) OF THE PLANT, MACHINERY AND EQUIPMENT WHICH ARE INSTALLED AND EQUIPPED WITHIN THE FACTORY BUILDING (“PME”) TO GIMZAN PLYWOOD SDN BHD (“GIMZAN”) FOR A TOTAL CONSIDERATION OF RM0.50 MILLION PAYABLE BY GIMZAN TO BTMBP WHICH WILL BE SET-OFF AGAINST THE SETTLEMENT SUM (“PME DISPOSAL CONSIDERATION”) PURSUANT TO THE TERMS OF THE SALE AND PURCHASE AGREEMENT (“SPA”) (“PROPOSED PME DISPOSAL”)**



“**THAT** subject to the approvals of the relevant authorities and/or parties having been obtained, approval be and is hereby given to BTMBP to dispose of the PME to Gimzan for a total cash consideration of RM0.50 million subject to and upon the terms and conditions of the SPA dated 12 September 2025 entered into between BTMBP and Gimzan in relation to the Proposed PME Disposal including any modifications, variations, amendments and/or additions thereto.

**THAT** the Board be and is hereby authorised to utilise the proceeds arising from the Proposed PME Disposal for the purposes as set out in **Section 2.13** of Part A of the Circular, and that the Board be and is hereby authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary, expedient and in the best interest of the Company, subject to the approval of the relevant parties and/or authorities (where required).

**AND THAT** the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed PME Disposal with full powers to assent to and give effect to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed PME Disposal.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED VARIATION OF THE UTILISATION OF PROCEEDS RAISED FROM THE RIGHTS ISSUE WHICH WAS COMPLETED ON 16 JANUARY 2023 (“RIGHTS ISSUE”) (“PROPOSED VARIATION”)**

“**THAT** approval be and is hereby granted to the Board to vary the un-utilised proceeds of up to approximately RM19.59 million raised from the Rights Issue (which were completed on 16 January 2023) in the manner and to the extent as stated in **Section 3** of Part A of the Circular.

**AND THAT** the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed Variation with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in the best interest of the Company in order to carry out, finalise and give full effect to the Proposed Variation.”

### **SPECIAL RESOLUTION**

#### **PROPOSED REDUCTION OF RM80,000,000 OF ISSUED SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)**

“**THAT** subject to the approvals being obtained from all relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act, the Board be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM80,000,000 and for the credit arising from such cancellation to be used to set-off against the accumulated losses of the Company, while the remaining balance, will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company, as permitted by the Company’s constitution, the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**AND THAT** the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Share Capital Reduction, with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Share Capital Reduction and to do all such things as the Board may consider necessary or expedient in the best interest of the Company.”

**By Order of the Board**

**NG SALLY (SSM PC NO. 202008002702 & MAICSA 7060343)**

**GOH XIN YEE (SSM PC NO. 202008000375 & MAICSA 7077870)**

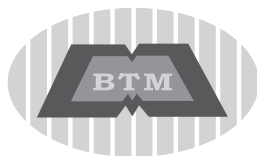
Company Secretaries

Kuala Lumpur

12 January 2026

*Notes:*

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy where a Member appoints more than one (1) proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.*
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
- (3) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.*
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited with the Share Registrar of the Company, Sectrars Management Sdn Bhd at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.*
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 27 January 2026.*



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

**PROXY FORM**

CDS Account No.

No. of shares held

I/We,

.....  
[Full name in block letters and NRIC No. / Passport No./ Company Registration No.]

Tel. No.: ..... E-mail Address: .....

of .....  
[Address]

being a member/members of BTM Resources Berhad, hereby appoint:-

Full Name (in block letters):	NRIC No. /Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Tel No.:	E-mail Address:		

and/or (delete as appropriate)

Full Name (in block letters):	NRIC No. /Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Tel No.:	E-mail Address:		

or failing him/her, the Chairman of the meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Andaman 1, Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 6 February 2026 at 11:00 a.m. or any adjournment thereof and to vote as indicated below:-

Item	Resolutions	Agenda	FOR	AGAINST
1.	Ordinary Resolution 1	Proposed Factory Building Disposal		
2.	Ordinary Resolution 2	Proposed PME Disposal		
3.	Ordinary Resolution 3	Proposed Variation		
4.	Special Resolution	Proposed Share Capital Reduction		

*Please indicate with an '✓' or 'X' in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he/she thinks fit.*

Signed this.....day of ....., 2026

.....  
Signature of Shareholder(s)/Common Seal

Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (3) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“**Omnibus Account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited with the Share Registrar of our Company, Sectrars Management Sdn Bhd at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members’ entitlement to attend, vote and speak at the Meeting is 27 January 2026.

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AFFIX  
STAMP

**BTM RESOURCES BERHAD**  
[199401018283 (303962-T)]  
c/o Sectrars Management Sdn Bhd  
Lot 9-7, Menara Sentral Vista  
No. 150, Jalan Sultan Abdul Samad  
Brickfields, 50470 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

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*1<sup>st</sup> fold here*