

## **BTM RESOURCES BERHAD (“BTM” OR “COMPANY”)**

- I. PROPOSED PAR VALUE REDUCTION;**
- II. PROPOSED SHARE PREMIUM REDUCTION;**
- III. PROPOSED M&A AMENDMENTS;**
- IV. PROPOSED RIGHTS ISSUE WITH WARRANTS; AND**
- V. PROPOSED EXEMPTION**

### **(COLLECTIVELY KNOWN AS THE “PROPOSALS”)**

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## **1. INTRODUCTION**

On behalf of the Board of Directors of BTM (“**Board**”), Hong Leong Investment Bank Berhad (“**HLIB**”) wishes to announce that the Company is proposing to undertake the following:

- (a) proposed reduction of the issued and paid-up share capital of BTM pursuant to Section 64(1) of the Companies Act, 1965 (“**Act**”) involving the cancellation of RM0.80 of the par value of each ordinary share of RM1.00 each in BTM (“**Existing Share**”) (“**Proposed Par Value Reduction**”);
- (b) proposed reduction of RM3,959,431 from the share premium account of BTM pursuant to Sections 60(2) and 64(1) of the Act (“**Proposed Share Premium Reduction**”);
- (c) proposed amendments to the Memorandum & Articles of Association of BTM (“**M&A**”) to facilitate the change in the par value of the ordinary shares in BTM from RM1.00 to RM0.20 arising from the Proposed Par Value Reduction (“**Proposed M&A Amendments**”);
- (d) proposed renounceable rights issue of up to 118,734,576 new ordinary shares of RM0.20 each in BTM (“**BTM Shares**”) (“**Rights Shares**”) together with up to 47,493,830 free new detachable warrants (“**Warrants**”) at an issue price of RM0.20 per Rights Share on the basis of 2 Rights Shares for every 1 BTM Share held after the Proposed Par Value Reduction together with 4 Warrants for every 10 Rights Shares subscribed, based on a minimum subscription level of 36,328,586 Rights Shares together with 14,531,434 Warrants on an entitlement date to be determined and announced later (“**Proposed Rights Issue with Warrants**”); and
- (e) proposed exemption for Dato’ Seri Yong Tu Sang (“**DSYTS**”) and persons acting in concert with DSYTS (“**PACs**”) from the obligation to undertake a take-over offer for all the remaining BTM Shares and convertible securities not already owned by them under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-overs and Mergers 2010 (“**Code**”) (“**Proposed Exemption**”).

The Proposed Par Value Reduction, Proposed Share Premium Reduction, Proposed M&A Amendments, Proposed Rights Issue with Warrants and Proposed Exemption are collectively referred to as the “**Proposals**”.

## **2. DETAILS OF PROPOSALS**

### **2.1 Proposed Par Value Reduction**

The Proposed Par Value Reduction will involve the cancellation of RM0.80 of the existing par value of RM1.00 of each ordinary share in BTM pursuant to Section 64(1) of the Act. Based on the total issued and paid-up share capital of the Company as at 16 October 2013 of RM40,734,196, the credit arising from the reduction of the par value of the Existing Shares of RM32,587,357 will be utilised to set-off an equivalent amount of the accumulated losses of BTM. The High Court of Malaya’s approval shall be sought for the Proposed Par Value Reduction and for any excess unutilised credit after elimination of BTM’s accumulated losses to be credited to BTM’s retained earnings account which is distributable and may be used to frank future dividends.

However, the actual amount of share capital reduction may vary depending on the final issued and paid-up share capital of BTM as a result of possible exercise of the outstanding unexercised Warrants 2009/2019 (“**Outstanding Warrants**”) after 16 October 2013.

As at 16 October 2013, BTM has total of 18,633,092 Outstanding Warrants with an exercise price of RM1.00 each. For illustration purposes, it is assumed that none of the Outstanding Warrants are exercised as the warrants are currently out-of-the-money based on the market price of RM0.21 per BTM Share as at 16 October 2013, being the last practicable day preceding the date of this announcement. None of the Outstanding Warrants have been exercised since its issuance in 2009 and have been out-of-the-money since its listing date on 21 December 2009. Based on the above and assuming none of the Outstanding Warrants are exercised, the resultant paid-up share capital of BTM following the Proposed Par Value Reduction shall be RM8,146,839 comprising of 40,734,196 BTM Shares.

## 2.2 Proposed Share Premium Reduction

The Proposed Share Premium Reduction will involve the reduction of RM3,959,431 from the Company's share premium account pursuant to Sections 60(2) and 64(1) of the Act. The credit arising from the said reduction in share premium of the same amount will be used to set-off the accumulated losses of BTM. The High Court of Malaya's approval shall be sought for the Proposed Share Premium Reduction and for any excess unutilised credit after elimination of BTM's accumulated losses to be credited to BTM's retained earnings account which is distributable and may be used to frank future dividends.

A summary of the reduction of accumulated losses of BTM and its subsidiaries (“**BTM Group**”) and the Company following the Proposed Par Value Reduction and Proposed Share Premium Reduction is as follows:

	<b>Audited as at 31 December 2012</b>	
	<b>Company (RM'000)</b>	<b>Group (RM'000)</b>
Accumulated losses	36,547	45,671
Less: Credit arising from the Proposed Par Value Reduction	(32,587)	(32,587)
Less: Credit arising from the Proposed Share Premium Reduction	(3,960)	(3,960)
Resultant accumulated losses of BTM	-	9,124

## 2.3 Proposed M&A Amendments

This entails amendments to the M&A of the Company to reflect the change in par value of each ordinary share in BTM from RM1.00 per share to RM0.20 per share consequent to the Proposed Par Value Reduction.

## 2.4 Proposed Rights Issue with Warrants

### 2.4.1 Details of the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants would entail the issuance of up to 118,734,576 Rights Shares on a renounceable basis of 2 Rights Shares for every 1 BTM Share held after the Proposed Par Value Reduction together with up to 47,493,830 Warrants on the basis of 4 Warrants for every 10 Rights Shares subscribed by the shareholders of BTM whose names appear in the Record of Depositors of the Company (“**Entitled Shareholders**”) on an entitlement date to be determined and announced later after obtaining all the relevant approvals (“**Entitlement Date**”). The Board has fixed the issue price for the Proposed Rights Issue of Shares with Warrants at RM0.20 per Rights Share (“**Issue Price**”) and the exercise price for the Warrants at RM0.20 per Warrant (“**Exercise Price**”).

The actual number of Rights Shares and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants will only be determined on the Entitlement Date after taking into account the actual number of Outstanding Warrants exercised on or prior to the Entitlement Date.

The Proposed Rights Issue with Warrants is renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and allotment and will be separately traded. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Proposed Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements.

Any unsubscribed Rights Shares with the attached Warrants shall be offered to the other Entitled Shareholders and/or their renounee(s) under the excess Rights Shares application. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner, and on a basis to be determined by the Board and announced later by the Company.

Fractional entitlements under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion think expedient in the best interests of the Company.

#### **2.4.2 Basis of arriving at the Issue Price and Exercise Price**

The Board has fixed the issue price of the Rights Shares at RM0.20 per Rights Share and the exercise price of RM0.20 per Warrant for 1 new BTM Share.

The Issue Price and Exercise Price was arrived at using market based principles after taking into consideration the following:

- (i) the 5-day volume weighted average market price ("**5-Day VWAMP**") of Existing Shares of RM0.2226 up to and inclusive of 29 October 2013, being the date immediately preceding the date of this announcement; and
- (ii) the par value of BTM Shares after the Proposed Par Value Reduction of RM0.20 each

Due consideration was also given in view that the Warrants shall be issued for free to the subscribers of the Rights Shares.

The Issue Price and Exercise Price represent a discount of approximately 3.63% to the theoretical ex-rights price of Existing Shares ("**TERP**") of RM0.2075, based on the 5-day VWAMP of Existing Shares up to and including 29 October 2013 of RM0.2226. The Issue Price and Exercise Price were determined after taking into consideration, amongst others, the TERP and the prevailing market price of Existing Shares. The issuance of the Warrants is expected to enhance the attractiveness of the Proposed Rights Issue with Warrants as well as to enable BTM to raise further proceeds as and when any of the Warrants are exercised in the future.

#### **2.4.3 Ranking of the Rights Shares and new BTM Shares to be issued arising from the exercise of the Warrants**

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

The new BTM Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing BTM Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the allotment and issue of the said new BTM Shares.

#### 2.4.4 Undertakings by shareholders and minimum subscription level

The Proposed Rights Issue with Warrants will be undertaken on a minimum level of subscription of 36,328,586 Rights Shares together with 14,531,434 Warrants ("**Minimum Subscription Level**"). Based on the issue price of RM0.20 per Rights Share, the Company will raise minimum proceeds of approximately RM7.27 million from the Proposed Rights Issue with Warrants. The minimum amount of approximately RM7.27 million to be raised was determined by the Board after taking into consideration the funding requirements of the BTM Group, including the Group's working capital requirements and the expenses arising from the Proposals.

To meet the Minimum Subscription Level, BTM has procured irrevocable written undertakings from the following shareholders of BTM ("**Undertakings**"), namely DSYTS, Tan Sri Dato' Mohd Hussin Bin Abdul Hamid ("**TSDMH**"), Yong Emmy, To' Puan Ng Ah Heng ("**TPNAH**"), Abdul Malik Bin Mohd Hussin ("**AMBMH**"), Yong Ellen, Confirmed Uptrend Sdn Bhd ("**CUSB**") and Modern Mode Sdn Bhd ("**MMSB**"), that they will not dispose any of the Existing Shares held by them following this announcement and that they will subscribe in full for their entitlements of Rights Shares as follows:

Shareholders	Shareholdings as at 16 October 2013		Rights Shares to be subscribed pursuant to the Undertakings		
	No. of Shares	% <sup>(1)</sup>	No. of Rights Shares	% <sup>(2)</sup>	RM
DSYTS	4,113,027	10.10	8,226,054	22.64	1,645,211
TSDMH	2,540,000	6.24	5,080,000	13.98	1,016,000
Yong Emmy	4,032,000	9.90	8,064,000	22.20	1,612,800
TPNAH	3,333,333	8.18	6,666,666	18.35	1,333,333
AMBMH	326,500	0.80	653,000	1.80	130,600
Yong Ellen	36,100	0.09	72,200	0.20	14,440
CUSB	1,900,000	4.66	3,800,000	10.46	760,000
MMSB	1,883,333	4.62	3,766,666	10.37	753,333
<b>Total</b>	<b>18,164,293</b>	<b>44.59</b>	<b>36,328,586</b>	<b>100.00</b>	<b>7,265,717</b>

Notes:

(1) Based on the issued and paid-up share capital of BTM as at 16 October 2013.

(2) Based on the Minimum Subscription Level pursuant to the Undertakings.

Details of the implication of the Code which may arise as a result of the undertakings from DSYTS and his PACs are set out in Section 2.5 of this announcement.

#### 2.4.5 Indicative salient terms the Warrants

Issue size	:	Up to 47,493,830 Warrants to be issued in conjunction with the Proposed Rights Issue with Warrants.
Form and denomination	:	The Warrants to be issued with the Rights Shares are immediately detached upon its issuance and will be separately traded. The Warrants will be issued in registered form and constituted by a Deed Poll.
Exercise Rights	:	Each Warrant shall entitle the registered holder, at any time during the Exercise Period, to subscribe for 1 new BTM Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Price	:	The exercise price of the Warrants has been fixed by the Board at RM0.20

- Exercise Period : The Warrants may be exercised at any time within 10 years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date, but excluding the 5 Market Days prior to a book closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors of the Company and/ or the Warrants register is closed. Any Warrant not exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.
- Expiry Date : The close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the 10<sup>th</sup> anniversary of the date of issuance of the Warrants or if such a date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. Any Warrants which have not been exercised and delivered to the registrar will cease to be valid for any purpose and will be deemed to have lapsed.
- Board lot : For the purpose of trading on Bursa Malaysia Securities Berhad (“**Bursa Securities**”), a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new BTM Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities.
- Listing status : The Warrants will be listed on the Main Market of Bursa Securities.
- Rights of Warrant holders : The registered holder of the Warrants are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in BTM unless and until the Warrant holder becomes a shareholder by exercising his/ her Warrants into new BTM Shares.
- Adjustment in the Exercise Price and/or number of Warrants : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants held by each Warrant holder may be adjusted by the Board in consultation with the auditor and/or approved adviser and if deemed necessary, certified by the auditors appointed by BTM, in the event of any alteration to the share capital of BTM in accordance with the provisions set out in the Deed Poll.
- Rights in the event of winding up, amalgamation, reconstruction : Where a resolution has been passed for a members’ voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:
- (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and
  - (ii) in any other case, every Warrant holder will be entitled at any time within 6 weeks after the passing of such resolution or the granting of the court order, by irrevocable surrender of his Warrants together with payment of the relevant subscription monies, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrant to the extent specified in the Exercise Forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.

- Further Issues : Subject to the provisions of the Deed Poll, the Company will be at liberty to issue Shares or other securities convertible to Shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by the Company in a general meeting.
- Modification : Save for modifications which are not materially prejudicial to the interests of the Warrant holders or to correct a manifest error or to comply with the mandatory provisions of the laws of Malaysia, any modifications, amendments, deletions or additions to the Deed Poll must be effected by a deed poll executed by the Company and expressed to be supplemental to the Deed Poll and comply with the relevant provisions of the Deed Poll.
- Deed Poll : The Warrants will be constituted by a deed poll to be executed by BTM.
- Governing law : Laws of Malaysia.

#### **2.4.6 Listing of the Rights Shares, Warrants and new BTM Shares to be issued arising from the exercise of the Warrants**

An application will be made for the admission of the Warrants to the Official List of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants and new BTM Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

#### **2.5 Proposed Exemption**

As at 16 October 2013, DSYTS is a major shareholder of BTM holding approximately 28.27% equity interest in BTM via his direct interest and deemed interest through the shareholdings of the PACs, namely TPNAH, Yong Emmy and Yong Ellen.

Assuming that the Proposed Rights Issue with Warrants is implemented based on the Minimum Subscription Level pursuant to the Undertakings, the shareholdings of DSYTS and the PACs' in BTM's enlarged issued and paid-up share capital will increase from 28.27% to 44.82% after the Proposed Rights Issue with Warrants

Pursuant to Part III of the Code, DSYTS and the PACs would be obliged to extend a mandatory take-over offer to acquire the remaining BTM Shares and convertible securities not already held by DSYTS and the PACs upon completion of the Proposed Rights Issue with Warrants.

As it is not the intention of DSYTS and the PACs to undertake a mandatory take-over offer for the remaining BTM Shares and convertible securities not already held as a result of the Undertakings as mentioned in Section 2.4.4, an application for exemption from the obligation to undertake a mandatory take-offer pursuant to the Code will be sought from the Securities Commission Malaysia ("SC") only after the prior approval of the non-interested shareholders for the Proposed Exemption has been obtained in an extraordinary general meeting to be convened.

### **3. PROPOSED UTILISATION OF PROCEEDS**

Based on the full subscription level for the Proposed Rights Issue with Warrants and the issue price of RM0.20 per Rights Share, the Proposed Rights Issue with Warrants will raise aggregate gross proceeds of up to approximately RM23.75 million, and is expected to be utilised based on the following scenarios:

- (i) Minimum scenario: Assumes the Minimum Subscription Level for the Proposed Rights Issue with Warrants; and
- (ii) Maximum scenario: Assumes full subscription of the Proposed Rights Issue with Warrants.

	Note	Minimum scenario RM'000	Maximum scenario RM'000	Estimated timeframe for utilisation of proceeds from the date of listing of Rights Shares and/or Placement Shares
Working capital requirements	(i)	5,196	21,677	Within 12 months
Repayment of borrowings	(ii)	1,100	1,100	Within 12 months
Estimated expenses in relation to the Proposals	(iii)	970	970	Within 1 month
		7,266	23,747	

Notes:

- (i) *The proceeds of up to RM21.68 million shall be utilised for the Group's working capital requirements, including operational expenses and administrative expenses. Operating expenses are expenses incurred within the ordinary course of business including but not limited to purchase of raw materials, workers' and staff salaries and wages, freight charges.*
- (ii) *The proposed repayment of part of the Group's bank borrowings is expected to contribute to interest savings of approximately RM117,000 per annum based on the current effective interest rate of 10.6% per annum.*
- (iii) *The estimated expenses of approximately RM0.97 million consist of estimated professional fees, fees payable to the relevant authorities, printing costs of the circular and abridged prospectus to be despatched to the shareholders of the Company and other miscellaneous expenses. Any surplus or shortfall of funds for the payment of expenses for the Proposals will be adjusted accordingly from the working capital, as the case may be.*

The proceeds to be raised from the exercise of Warrants depend on the actual number of Warrants exercised during the tenure of the Warrants. The proceeds raised from the exercise of Warrants shall be utilised for the working capital requirements of the BTM Group.

Pending the utilisation of the proceeds in relation to the Proposed Right Issue with Warrants by BTM, the proceeds will be placed in interest-bearing deposit accounts or investments in money markets as the Board may deem fit.

## 4. RATIONALE FOR THE PROPOSALS

### 4.1 Proposed Par Value Reduction and Proposed Share Premium Reduction

The Proposed Par Value Reduction and Proposed Share Premium Reduction would serve to strengthen the financial position of the Company by substantially reducing the existing accumulated losses of the Company and rationalise its balance sheet by the cancellation of share capital and share premium account which is no longer represented by available assets.

In addition, the Existing Shares have been trading below its existing par value of RM1.00 per share which has been a deterrent for the Company to raise fresh funds and/or undertake acquisitions through an issuance of new shares. Therefore, the lower par value of RM0.20 per share would effectively allow the Company to issue new shares below the current par value of RM1.00 per share and closer to its audited net assets per share of RM0.28 per share as at 31 December 2012.

### 4.2 Proposed M&A Amendments

The Proposed M&A Amendments is intended to facilitate the change in the par value of the Company's ordinary shares from RM1.00 per share to RM0.20 per share resulting from the Proposed Par Value Reduction.

### 4.3 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants is undertaken to raise funds for the purposes as stated in Section 3 above.

The Board is of the view that the Proposed Rights Issue with Warrants is currently the most appropriate avenue of fund raising after taking into consideration, amongst others, the following factors:

- (i) the Proposed Rights Issue with Warrants provides an opportunity for the Entitled Shareholders to increase their equity participation in BTM through the subscription of the Rights Shares and Warrants;
- (ii) to raise immediate funds for BTM without incurring interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments;
- (iii) the Rights Shares together with Warrants will mitigate the immediate dilutive impact on the earnings per Share of BTM, which would otherwise arise from a full equity issue, as the Warrants will only be exercised over a period of time; and
- (iv) the Warrants, which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for their Rights Shares. They would also enable the Entitled Shareholders to benefit from the future growth of the Company and any potential capital appreciation arising from the exercise of the Warrants, depending on the future performance of BTM Shares.

### 4.4 Proposed Exemption

The Undertakings will demonstrate the support from DSYTS, being the major shareholder of BTM, and the PACs for the Proposed Rights Issue with Warrants which will allow BTM to raise the necessary funds.

As set out in Section 2.4.4 above, as a result of the Undertakings, the collective shareholdings of BTM and the PACs could increase above the threshold of 33.0% of the enlarged issued and paid-up share capital of the Company upon the issuance of Rights Shares pursuant to the Proposed Rights Issue with Warrants.

As it is not the intention of DSYTS and the PACs to undertake the mandatory offer, the Proposed Exemption will be sought.

## 5.0 EFFECTS OF THE PROPOSALS

The Proposed M&A Amendments will not have any effect on the share capital and substantial shareholders' shareholdings of BTM. It also has no effect on the earnings per share ("EPS"), net assets ("NA") and gearing of the BTM Group.

For illustrative purposes, the proforma effects of the Proposals on BTM's issued and paid-up share capital, consolidated NA and gearing, EPS and substantial shareholders' shareholdings in BTM as set out in Section 5.1 to Section 5.5 below, are based on the 2 scenarios as follows:

- Minimum Scenario : Based on the Minimum Subscription Level and assuming none of the Outstanding Warrants will be exercised prior to the implementation of the Proposed Rights Issue with Warrants
- Maximum Scenario : Assuming all the Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants and all the Outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue with Warrants.



For implementation purposes, the Proposed Par Value Reduction and the Proposed Share Premium Reduction are expected to be completed before the implementation of the Proposed Rights Issue with Warrants.

The proforma effects of the Proposals are set out in the ensuing sections below.

## 5.1 Share capital

The proforma effects of the Proposed Par Value Reduction and the Proposed Rights Issue with Warrants on the issued and paid-up share capital of BTM are set out below:

	Par Value (RM)	Minimum Scenario		Maximum Scenario	
		No. of shares	Value (RM)	No. of shares	Value (RM)
<b>Issued and paid-up share capital</b>					
Existing as at 16 October 2013	1.00	40,734,196	40,734,196	40,734,196	40,734,196
BTM Shares to be issued pursuant to full exercise of Outstanding Warrants	1.00	-	-	18,633,092	18,633,092
After the full exercise of Outstanding Warrants	1.00	40,734,196	40,734,196	59,367,288	59,367,288
Cancellation arising from the Proposed Par Value Reduction	(0.80)	-	(32,587,357)	-	(47,493,830)
After the Proposed Par Value Reduction	0.20	40,734,196	8,146,839	59,367,288	11,873,458
BTM Shares to be issued pursuant to the Proposed Rights Issue with Warrants	0.20	36,328,586	7,265,717	118,734,576	23,746,915
After the Proposed Rights Issue with Warrants	0.20	77,062,782	15,412,556	178,101,864	35,620,373
BTM Shares to be issued pursuant to full exercise of Warrants	0.20	14,531,434	2,906,287	47,493,830	9,498,766
<b>Maximum enlarged issued and paid-up share capital (up to)</b>	<b>0.20</b>	<b>91,594,216</b>	<b>18,318,843</b>	<b>225,595,694</b>	<b>45,119,139</b>

The Proposed Share Premium Reduction and Proposed M&A Amendments will not have any effect on the issued and paid-up share capital of the Company.

The Warrants to be issued pursuant to the Proposed Rights Issue with Warrants will not have an immediate effect on the issued and paid-up share capital of the Company. However, the issued and paid-up capital of BTM will increase progressively depending on the number of new BTM Shares to be issued pursuant to the exercise of the Warrants, if any.

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## 5.2 NA and gearing

The proforma effects of the Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed Rights Issue with Warrants on the audited NA of BTM Group based on its audited financial statements for the financial year ended 31 December 2012 are as set out below:

### Minimum Scenario

BTM Group	Audited as at 31 December 2012 (RM'000)	(I) After the Proposed Par Value Reduction (RM'000)	(II) After (I) and the Proposed Share Premium Reduction (RM'000)	(III) After (II) and the Proposed Rights Issue with Warrants (RM'000)	(IV) After (III) and assuming the full exercise of Warrants (RM'000)
Share capital	40,734	8,147	8,147	15,413	18,319
Share premium	7,629	7,629	3,669	<sup>(1)</sup> / <sub>(2)</sub> -	2,699
Warrants reserves	-	-	-	2,761	-
Revaluation reserves	8,664	8,664	8,664	8,664	8,664
Accumulated losses	(45,671)	(13,084)	(9,124)	<sup>(2)</sup> (9,186)	(9,124)
Shareholders' funds / NA	11,356	11,356	11,356	17,652	20,558
Par value (RM)	1.00	0.20	0.20	0.20	0.20
No. of shares ('000)	40,734	40,734	40,734	77,063	91,594
NA per share (RM)	0.28	0.28	0.28	0.23	0.22
Total borrowings (RM'000)	6,323	6,323	6,323	5,223	5,223
Gearing (times)	0.56	0.56	0.56	0.30	0.25

Notes:

(1) After deducting the estimated expenses incidental to the Proposals of approximately RM970,000.

(2) After accounting for the warrants reserve based on the issuance of 14,531,434 Warrants at an allocated fair value of RM0.19 per Warrant.

## Maximum Scenario

BTM Group	Audited as at 31 December 2012 (RM'000)	(I) After the full exercise of Outstanding Warrants (RM'000)	(II) After (I) and the Proposed Par Value Reduction (RM'000)	(III) After (II) and the Proposed Share Premium Reduction (RM'000)	(IV) After (III) and the Proposed Rights Issue with Warrants (RM'000)	(V) After (IV) and assuming the full exercise of Warrants (RM'000)
Share capital	40,734	59,367	11,873	11,873	35,620	45,119
Share premium	7,629	7,629	7,629	3,669	<sup>(1)(2)</sup> -	2,699
Warrants reserves	-	-	-	-	9,024	-
Revaluation reserves	8,664	8,664	8,664	8,664	8,664	8,664
Retained earnings / (Accumulated losses)	(45,671)	(45,671)	1,823	5,783	<sup>(2)</sup> (542)	5,783
Shareholders' funds / NA	11,356	29,989	29,989	29,989	52,766	62,265
Par value (RM)	1.00	1.00	0.20	0.20	0.20	0.20
No. of shares ('000)	40,734	59,367	59,367	59,367	178,102	225,596
NA per share (RM)	0.28	0.51	0.51	0.51	0.30	0.27
Total borrowings (RM'000)	6,323	6,323	6,323	6,323	5,223	5,223
Gearing (times)	0.56	0.21	0.21	0.21	0.10	0.08

### Notes:

(1) After deducting the estimated expenses incidental to the Proposals of approximately RM970,000.

(2) After accounting for the warrants reserve based on the issuance of 47,493,830 Warrants at an allocated fair value of RM0.19 per Warrant.

### 5.3 Substantial Shareholders' Shareholdings

The effects of the Proposed Par Value Reduction and the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders of BTM are set out below:

#### Minimum Scenario

Substantial Shareholders	As at 16 October 2013				(I) After the Proposed Par Value Reduction and Proposed Share Premium Reduction				(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming the full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
DSYTS	4,113	10.10	<sup>(1)</sup> 7,401	18.17	4,113	10.10	<sup>(1)</sup> 7,401	18.17	12,339	16.01	<sup>(1)</sup> 22,204	28.81	15,630	17.06	<sup>(1)</sup> 28,125	30.71
TSDMH	2,540	6.24	<sup>(2)</sup> 327	0.80	2,540	6.24	<sup>(2)</sup> 327	0.80	7,620	9.89	<sup>(2)</sup> 980	1.27	9,652	10.54	<sup>(2)</sup> 1,241	1.35
Yong Emmy	4,032	9.90	<sup>(3)</sup> 7,482	18.37	4,032	9.90	<sup>(3)</sup> 7,482	18.37	12,096	15.70	<sup>(3)</sup> 22,447	29.13	15,322	16.73	<sup>(3)</sup> 28,433	31.04
TPNAH	3,333	8.18	<sup>(4)</sup> 8,181	20.08	3,333	8.18	<sup>(4)</sup> 8,181	20.08	10,000	12.98	<sup>(4)</sup> 24,543	31.85	12,667	13.83	<sup>(4)</sup> 31,088	33.94
AMBMH	327	0.80	<sup>(5)</sup> 2,540	6.24	327	0.80	<sup>(5)</sup> 2,540	6.24	980	1.27	<sup>(5)</sup> 7,620	9.89	1,241	1.35	<sup>(5)</sup> 9,652	10.54
Yong Ellen	36	0.09	<sup>(6)</sup> 11,478	28.18	36	0.09	<sup>(6)</sup> 11,478	28.18	108	0.14	<sup>(6)</sup> 34,435	44.68	137	0.15	<sup>(6)</sup> 43,618	47.62
Khairuddin bin Mohd Hussin	-	-	<sup>(7)</sup> 2,867	7.04	-	-	<sup>(7)</sup> 2,867	8.04	-	-	<sup>(7)</sup> 8,600	11.16	-	-	<sup>(7)</sup> 10,893	11.89
CUSB	1,900	4.66	-	-	1,900	4.66	-	-	5,700	7.40	-	-	7,220	7.88	-	-
MMSB	1,883	4.62	-	-	1,883	4.62	-	-	5,650	7.33	-	-	7,157	7.81	-	-

Notes:

- (1) Deemed interested by virtue of the shareholdings of his spouse and children.
- (2) Deemed interested by virtue of the shareholdings of his child.
- (3) Deemed interested by virtue of the shareholdings of her parents and sibling.
- (4) Deemed interested by virtue of the shareholdings of her spouse and children.
- (5) Deemed interested by virtue of the shareholdings of his parent.
- (6) Deemed interested by virtue of the shareholdings of her parents and sibling.
- (7) Deemed interested by virtue of the shareholdings of his parent and sibling.

**Maximum Scenario**

Substantial Shareholders	As at 16 October 2013				(I) After the full exercise of the existing warrants in issue				(II) After (I) and the Proposed Par Value Reduction and Proposed Share Premium Reduction			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%
DSYTS	4,113	10.10	<sup>(1)</sup> 7,401	18.17	4,113	6.93	<sup>(1)</sup> 10,875	18.32	4,113	6.93	<sup>(1)</sup> 10,875	18.32
TSDMH	2,540	6.24	<sup>(2)</sup> 327	0.80	2,540	4.28	<sup>(2)</sup> 327	0.55	2,540	4.28	<sup>(2)</sup> 327	0.55
Yong Emmy	4,032	9.90	<sup>(3)</sup> 7,482	18.37	6,048	10.19	<sup>(3)</sup> 8,940	15.06	6,048	10.19	<sup>(3)</sup> 8,940	15.06
TPNAH	3,333	8.18	<sup>(4)</sup> 8,181	20.08	4,791	8.07	<sup>(4)</sup> 10,197	17.18	4,791	8.07	<sup>(4)</sup> 10,197	17.18
AMBMH	327	0.80	<sup>(5)</sup> 2,540	6.24	327	0.55	<sup>(5)</sup> 2,540	4.28	327	0.55	<sup>(5)</sup> 2,540	4.28
Yong Ellen	36	0.09	<sup>(6)</sup> 11,478	28.18	36	0.06	<sup>(6)</sup> 14,952	25.19	36	0.06	<sup>(6)</sup> 14,952	25.19
Khairuddin bin Mohd Hussin	-	-	<sup>(7)</sup> 2,867	7.04	-	-	<sup>(7)</sup> 2,867	4.83	-	-	<sup>(7)</sup> 2,867	4.83
CUSB	1,900	4.66	-	-	1,900	3.20	-	-	1,900	3.20	-	-
MMSB	1,883	4.62	-	-	1,883	3.17	-	-	1,883	3.17	-	-

Substantial Shareholders	(III) After (II) and the Proposed Rights Issue with Warrants				(IV) After (III) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%
DSYTS	12,339	6.93	<sup>(1)</sup> 32,627	18.32	15,630	6.93	<sup>(1)</sup> 41,328	18.32
TSDMH	7,620	4.28	<sup>(2)</sup> 980	0.55	9,652	4.28	<sup>(2)</sup> 1,241	0.55
Yong Emmy	18,144	10.19	<sup>(3)</sup> 26,822	15.06	22,982	10.19	<sup>(3)</sup> 33,975	15.06
TPNAH	14,374	8.07	<sup>(4)</sup> 30,592	17.18	18,207	8.07	<sup>(4)</sup> 38,750	17.18
AMBMH	980	0.55	<sup>(5)</sup> 7,620	4.28	1,241	0.55	<sup>(5)</sup> 9,652	4.28
Yong Ellen	109	0.06	<sup>(6)</sup> 44,857	25.19	138	0.06	<sup>(6)</sup> 56,819	25.19
Khairuddin bin Mohd Hussin	-	-	<sup>(7)</sup> 8,600	4.83	-	-	<sup>(7)</sup> 10,893	4.83
CUSB	5,700	3.20	-	-	7,220	3.20	-	-
MMSB	5,650	3.17	-	-	7,157	3.17	-	-

Notes:

- (1) *Deemed interested by virtue of the shareholdings of his spouse and children.*
- (2) *Deemed interested by virtue of the shareholdings of his child.*
- (3) *Deemed interested by virtue of the shareholdings of her parents and sibling.*
- (4) *Deemed interested by virtue of the shareholdings of her spouse and children.*
- (5) *Deemed interested by virtue of the shareholdings of his parent.*
- (6) *Deemed interested by virtue of the shareholdings of her parents and sibling.*
- (7) *Deemed interested by virtue of the shareholdings of his parent and sibling.*

#### **5.4 Earnings and EPS**

The Proposals are not expected to have a material effect on the earnings of the BTM Group for the financial year ending 31 December 2013, whilst the proceeds to be raised are expected to be utilised within 12 months from the completion date of the Proposed Rights Issue of Warrants.

The effect of the Proposed Rights Issue with Warrants on the future earnings of the BTM Group will depend on the eventual returns derived from the utilisation of proceeds. However, the EPS of the BTM Group may be diluted as a result of the increase in the number of BTM Shares in issue after the Proposed Rights Issue with Warrants and the new number of BTM Shares arising from the exercise of the Warrants.

#### **5.5 Convertible securities**

As at 16 October 2013, the Company has a total of 18,633,092 Outstanding Warrants and the exercise price of the Outstanding Warrants is RM1.00.

The Proposed Par Value Reduction and Proposed Share Premium Reduction are not expected to have any effect on the exercise price and/or number of Outstanding Warrants of the Company.

The Proposed Rights Issue with Warrants may give rise to adjustments to the Outstanding Warrants' exercise price and/or number of Outstanding Warrants held by each warrant holder, so far as unexercised pursuant to the deed poll dated 16 November 2009 ("**Deed Poll 2009/2019**").

Any adjustment which is required will be made in accordance with the provisions of the Deed Poll 2009/2019 to mitigate any potential equity dilution resulting from the Proposed Rights Issue with Warrants and to ensure that the status of the Outstanding Warrant holders are not prejudiced after the Proposed Rights Issue with Warrants. Save for the adjustments to the Outstanding Warrants' exercise price and/or additional number of Outstanding Warrants to be issued, other provisions as stipulated in the Deed Poll 2009/2019 including the rights and obligations of the Outstanding Warrants holders will remain unchanged.

Any necessary adjustments arising from the Proposed Rights Issue with Warrants in relation to the Outstanding Warrants will only be finalised after the Entitlement Date for the Proposed Rights Issue with Warrants.

## 6. APPROVALS REQUIRED

The Proposals are conditional upon approvals being obtained from the following:

- (a) the shareholders of BTM at an extraordinary general meeting (“**EGM**”) to be convened for the Proposals;
- (b) the SC for the Proposed Exemption. Under the Code, the SC’s approval for the Proposed Exemption is to be sought only after shareholders’ approval for the Proposed Exemption has been obtained;
- (c) the sanction of the High Court of Malaya for the Proposed Par Value Reduction and Proposed Share Premium Reduction and the utilisation of the excess credit (from the Proposed Par Value and Share Premium Reduction);
- (d) Bursa Securities for the following:
  - (i) admission of the Warrants to the Official List of Bursa Securities;
  - (ii) the listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Proposed Rights Issue of Shares and the new BTM Shares to be issued arising from the exercise of Warrants, on the Main Market of Bursa Securities; and
- (e) any other relevant authorities, if applicable.

The Proposed Par Value Reduction, Proposed Share Premium Reduction and the Proposed M&A Amendments are inter-conditional upon each other. The Proposed Rights Issue with Warrants and the Proposed Exemption are inter-conditional upon one another. The Proposed Rights Issue with Warrants is conditional upon the Proposed Par Value Reduction and the Proposed M&A Amendments but not vice-versa.

The Proposals are not conditional upon any other corporate exercises being undertaken by the Company.

## 7. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

DSYTS is a major shareholder of BTM by virtue of his direct shareholdings and his deemed interest through TPNAH, Yong Emmy and Yong Ellen (“**Interested Shareholders**”).

TPNAH is the spouse of DSYTS whilst Yong Emmy and Yong Ellen are the children of DSTYS and TPNAH. DSYTS, Yong Emmy and Yong Ellen, are directors of BTM (“**Interested Directors**”).

DSYTS and his PACs comprising, amongst others, the Interested Shareholders and Interested Directors are interested in the Proposed Exemption by virtue of being the applicants seeking the Proposed Exemption. As the Proposed Rights Issue with Warrants and the Proposed Exemption are inter-conditional upon one another, DSYTS and his PACs are also deemed interested in the Proposed Rights Issue with Warrants as well.

The Interested Directors have abstained and will continue to abstain from any deliberations and voting at all Board meeting(s) in respect of their direct and indirect shareholdings in BTM on the Proposed Rights Issue with Warrants and the Proposed Exemption. The Interested Shareholders will also abstain from deliberating and voting on the Proposed Rights Issue with Warrants and the Proposed Exemption at the forthcoming EGM in respect of their direct and indirect shareholdings in BTM.

In addition, the Interested Directors and Interested Shareholders will undertake that they shall ensure that all persons connected to them will abstain from voting in respect of their direct/or indirect interest, if any, on the resolutions pertaining to the Proposed Rights Issue with Warrants and Proposed Exemption to be tabled at the EGM.

Save for disclosed above, none of the Directors and major shareholders of BTM and/or persons connected to them has any interest, direct or indirect, in the Proposals, save for their respective entitlement as shareholders, if any, which is the same as all other entitled shareholders of BTM.

**8. DIRECTORS' RECOMMENDATION**

After having considered all aspects of the Proposals, the Board (save for the Interested Directors) is of the opinion that the Proposals are fair and reasonable and are in the best interest of the Company.

**9. ADVISERS**

HLIB has been appointed as Adviser of the Company for the Proposals.

TA Securities Holdings Berhad has been appointed by the Company as the Independent Adviser to advise the non-interested shareholders and non-interested Directors of BTM on the Proposed Exemption.

**10. APPLICATION TO THE RELEVANT AUTHORITIES AND EXPECTED TIMEFRAME FOR COMPLETION OF THE PROPOSALS**

Barring unforeseen circumstances, the submission to the relevant authorities in relation to the Proposals will be made within 2 months from the date of this announcement.

Barring unforeseen circumstances, the Board expects the Proposals to be completed in the first half of 2014.

This announcement is dated 30 October 2013.