

BTM RESOURCES BERHAD ("BTM" OR "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL ISSUED ORDINARY SHARES IN BTM

1. INTRODUCTION

On behalf of the Board of Directors of BTM ("**Board**"), M&A Securities Sdn Bhd ("**M&A Securities**") wishes to announce that the Company proposes to undertake a private placement of up to 15,547,800 new ordinary shares in BTM ("**BTM Shares**" or "**Shares**"), representing not more than 10% of the issued BTM Shares ("**Proposed Private Placement**"), at an issue price to be determined and fixed at a future date.

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Act**") obtained from the shareholders of the Company at its 26th Annual General Meeting ("**AGM**") convened on 9 September 2020, which authorises the Board to issue new BTM Shares not exceeding 20% of the total number of issued shares of the Company ("**20% General Mandate**"). The 20% General Mandate, unless revoked or varied by the Company at a general meeting, shall continue to be in force until the conclusion of the next AGM of the Company.

Further details of the Proposed Private Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

As at 26 April 2021, being the last practicable date preceding the date of this announcement ("**LPD**"), BTM has the following securities:

- (a) an issued share capital of RM31,299,361 comprising 155,478,588 BTM Shares; and
- (b) 26,295,146 outstanding warrants 2014/2024 ("**Warrants**") which are exercisable into 26,295,146 new Shares at an exercise price of RM0.20 each.

The Proposed Private Placement will entail the issuance of up to 15,547,800 new BTM Shares ("**Placement Shares**"), representing not more than 10% of the existing number of issued Shares as at the LPD (before the exercise of the Warrants). For the avoidance of doubt, any increase in the number of issued Shares arising from the exercise of the Warrants will not affect the number of Placement Shares to be issued under the Proposed Private Placement.

Subject to the prevailing market conditions and depending on investors' interest at the point of implementation, the Proposed Private Placement may be implemented in a single or multiple tranche(s) within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or such other approved extended period.

On 27 October 2020, the Company completed a private placement exercise of 14,134,400 new Shares, representing not more than 10% of the total issued BTM Shares ("**Previous Private Placement**").

The Proposed Private Placement complies with Paragraph 6.03(1) of the Listing Requirements and the "Additional Temporary Relief Measures to Listed Issuers" granted by Bursa Securities on 16 April 2020, which states that a listed issuer shall not issue more than 20% of its total issued shares (excluding treasury shares) unless shareholders' approval is obtained.

2.1 Basis of arriving at the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares, where applicable, shall be determined separately and fixed by the Board at a later date after obtaining the relevant approvals for the Proposed Private Placement. The Board will take into consideration amongst others, the prevailing market conditions and the provisions of Paragraph 6.04(a) of the Listing Requirements, in determining the issue price of the Placement Shares at a discount of not more than 10% to the volume weighted average market price of BTM Shares for the five (5) market days ("**5D-VWAMP**") immediately preceding the price fixing date(s).

For illustrative purposes, assuming the Placement Shares are issued at an indicative issue price of RM0.2018 per Placement Share ("**Indicative Issue Price**"), this represents a discount of approximately 9.99% to the 5D-VWAMP of BTM Shares up to and including the LPD of RM0.2242 per BTM Share. Based on the Indicative Issue Price, the Proposed Private Placement will raise gross proceeds of approximately RM3,137,546.

The mechanism to determine the issue price of each tranche of the Placement Shares shall be determined separately in accordance with market-based principles.

2.2 Placement arrangement

The Placement Shares will be placed to independent investor(s) ("**Placees**"), where the Placees shall be person(s) or party(ies) who/which qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, who shall be identified at a later date.

In accordance with Paragraph 6.04(c) of the Listing Requirements, the Placement Shares will not be placed to the following parties:

- (a) the interested director, interested major shareholder, interested chief executive of BTM or a holding company of BTM, or interested persons connected with such director, major shareholder or chief executive of BTM; and
- (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing issued BTM Shares, save and except that the holders of the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of the Company, for which the relevant entitlement date is prior to the date of allotment and issuance of the Placement Shares and the Placement Shares will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission and otherwise.

2.4 Listing of and quotation for the Placement Shares

BTM shall make an application to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.5 Utilisation of proceeds

For illustrative purposes, the placement proceeds to be raised from the Proposed Private Placement of RM3,137,546 (based on the Indicative Issue Price) are expected to be utilised by BTM and its subsidiaries ("BTM Group" or "Group") in the following manner:

Details	Notes	Amount RM'000	#Expected timeframe for utilisation of proceeds
General working capital	(a)	2,988	Within 12 months
Estimated expenses for the Proposed Private Placement	(b)	150	Within 1 month
Total		3,138	

Notes:

From the listing date of Placement Shares on the Main Market of Bursa Securities.

(a) The Company intends to utilise up to RM2.99 million of the proceeds for the working capital requirements of its day-to-day operations. The breakdown of which are as follows:

No.	Description	RM'000
(i)	Purchase of raw materials (i.e. timber, wood waste, sawdust, glue and paint)	1,828
(ii)	Staff related expenses	600
(iii)	Utilities charges	360
(iv)	Sales & distribution expenses (i.e. freight, forwarding charges and transportation)	200
	Total	2,988

(b) The estimated expenses consist of fees payable to the relevant authorities, advisory and placement fees as well as other miscellaneous expenses to be incurred pursuant to the Proposed Private Placement.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the issue price of the Placement Shares and actual number of Placement Shares issued. Any shortfall/excess of the actual proceeds raised will be adjusted against the utilisation for the working capital requirements of the Group.

Pending the full utilisation of the proceeds raised from the Proposed Private Placement, the Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institutions or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the Group.

3. RATIONALE

The Proposed Private Placement will enable the Group to raise the necessary funds for the purposes set out in Section 2.5 above without incurring additional interest costs associated with bank borrowings or the issuance of debt instruments. The Proposed Private Placement will also strengthen the capital base of BTM to support its existing business segment.

After due consideration of the various fund raising options available, the Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for the Group due to the following reasons:

- (a) The Proposed Private Placement will provide additional capital to the Group on an expeditious basis due to the unprecedented and challenging times ahead caused by the COVID-19 pandemic which has adversely affect businesses and economies worldwide.

The Company had previously completed the Previous Private Placement, which raised total proceeds of RM2.26 million, which has been fully utilised to fund the Group's working capital requirements as well as defraying the expenses for the Previous Private Placement. As such, the Group has sought to raise additional funds via the Proposed Private Placement to mainly fund the Group's future working capital requirements.

Further, the Group recorded a net cash outflow used in operating activities of RM2.57 million for the latest unaudited quarterly results for the FYE 31 December 2020. Further, it is noted that the Group only had cash and bank balances of RM1.64 million as at 31 December 2020, which had been earmarked for the Group's existing operations, ongoing projects and working capital requirements.

As such, the Proposed Private Placement is undertaken to mainly finance the working capital requirements of the Group in the immediate term.

- (b) The Board is of the opinion that the Group would be able to raise funds more expeditiously and cost effectively via a private placement exercise as opposed to a pro-rata issuance of securities such as a rights issue exercise. A rights issue will also require the Company to identify certain shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or alternatively, procure underwriting arrangements (which will incur additional cost) in order to achieve a minimum subscription level to raise the requisite funds. In addition, a rights issue exercise is likely to take a longer time to implement and complete as compared to a private placement exercise. As such, undertaking a rights issue exercise will result in uncertainties that the Group is able to meet its fundraising objectives as the level of funds raised depends on the subscription rate by the entitled shareholders and/ or renouncee(s), unless underwriting arrangement is procured. Should underwriting be procured, the Group may incur additional costs in the form of underwriting fees.
- (c) The Proposed Private Placement will enable the Group to raise funds in a more cost-effective manner as opposed to other fund-raising options as well as to reduce the Group's overall borrowings, which are expected to contribute positively to the future financial performance of the Group;
- (d) The Proposed Private Placement is expected to strengthen the shareholders and capital base of the Group. Although the Proposed Private Placement is expected to result in dilution to the shareholdings of existing shareholders, the use of proceeds from the Proposed Private Placement to finance the working capital requirements of the Group, which are expected to contribute positively to the future earnings of the Group. Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company;
- (e) The Proposed Private Placement will serve as additional source of funding for the Group without incurring interest expenses as compared to borrowings; and
- (f) The Proposed Private Placement will improve the liquidity and financial flexibility of the Group by strengthening its financial position.

Save as disclosed below, the Board confirms that the Company has not implemented any other fund-raising exercise within the 12 months preceding the date of this announcement:

- (a) Private placement of 14,134,400 BTM Shares at the issue price of RM0.16 each, which was completed on 26 October 2020. As at the LPD, the said proceeds have been fully utilised by the Company for the funding of its working capital requirements of RM2.10 million and payment of expenses for the said private placement of RM0.16 million.

4. PROSPECTS AND OUTLOOK

4.1 Industry outlook

The Company principally involved in logging, saw milling, trading of sawn timber, logs and plywood, kiln-drying operations, timber moulding, manufacturing of finger jointed timber and lamination boards as well as manufacturing and sale of wood pellets.

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

Nevertheless, the timber industry is largely driven by the demand for timber from the end-user industries, namely the construction, furniture and biomass industries. The construction industry in Malaysia contributed RM53.4 billion (4.0%) to the national economy in 2020 compared to RM66.3 billion (4.7%) in 2019. Meanwhile, the production of furniture in Malaysia grew from RM11.4 billion in 2010 to RM16.5 billion in 2020 at a compound annual growth rate ("**CAGR**") of 3.8%.

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

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

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

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

In addition, the respective State Forestry Departments are responsible for regulating and licensing the collection of forest produce, including timber, as well as factories under wood-based industries, such as sawmills and furniture mills. This would preserve the forest reserves and sustainability of timber resources.

The initiatives introduced by the Governments are expected to improve the outlook of the timber industry in Malaysia to become more sustainable, productive and competitive, while transforming to produce more value-added products.

(Source: Providence Strategic Partners Sdn Bhd)

4.2 Prospects of BTM Group

Presently, BTM is principally involved in the following business activities:

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

The Group has been facing challenges in its existing core business in the timber and related product business segment due to the outbreak of the COVID-19 pandemic in Malaysia, which have resulted in the implementation of the Movement Control Order ("**MCO**") during the first and second phases of the MCO between 18 March 2020 and 14 April 2020 as well as the re-implementation of the MCO on 13 January 2021. In the interim period, the Group will continue to undertake the following key efforts in its future prospects and business performance:

- (a) continuously undergoing better cost cutting measures and improvement in operational efficiency;
- (b) Presently, the Group's production of biomass wood pellet has been heavily relying on using saw dust as its main source of input for the manufacturing of biomass wood pellet, which has resulted in overall high cost of productions, thus impacting its overall margins. Hence, the Group is currently exploring other alternative sources of raw materials for its manufacturing activities and in the midst of modifying its existing production lines to cater for other types of raw materials input such as wood waste and wood logs. This are expected to reduce its overall production costs as well as diversifying its source of raw materials therefore improving its overall efficiency levels; and
- (c) Further, the Group plans to progressively invest and upgrade the existing production lines. The Group has recently upgraded its production lines to improve the manufacturing capabilities and efficiency to cater for increased overseas inquiries for its finger joint and moulding products.

Additionally, on 2 July 2020, BTM Biomass Products Sdn Bhd, a wholly-owned subsidiary of BTM, has obtained the approval from the Sustainable Energy Development Authority ("**SEDA**") to build and operate a renewable electrical power plant with a capacity to supply 10 Megawatt per hour of electricity to Tenaga Nasional Berhad under its Feed-in Tariff system for a period of 21 years commencing no later than 23 January 2023 ("**Renewable Energy Business**"). The Company expects its future business plans above will enable the Group to further diversify its income stream and reducing the risks of overdependence on its existing core business activities. The Company will make further announcement in relation to any new development of the Renewable Energy Business in due course.

Notwithstanding the above, the Company remains cautious and will exercise extra vigilance in its business and hope to navigate through this business environment filled with uncertainties.

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

5.1 Share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:

	<u>No. of Shares</u>	<u>RM</u>
Issued share capital as at LPD	155,478,588	31,299,361
Placement Shares to be issued pursuant to the Proposed Private Placement	15,547,800	⁽ⁱ⁾ 3,137,546
Enlarged issued share capital	171,026,388	34,436,907

Note:

- (i) Based on the Indicative Issue Price.

5.2 Net assets ("NA") and gearing

The pro forma effects of the Proposed Private Placement on the NA and gearing of the Company are set out below:

	Audited as at 31 December 2019	⁽ⁱ⁾Subsequent events	After the Proposed Private Placement
	RM'000	RM'000	RM'000
Share capital	29,038	31,299	⁽ⁱⁱ⁾ 34,437
Revaluation reserves	19,025	19,025	19,025
Capital reserves	532	532	532
Warrant reserves	3,602	3,602	3,602
Accumulated losses	(29,611)	(29,611)	⁽ⁱⁱⁱ⁾ (29,761)
Shareholders equity/NA	22,586	24,847	27,835
Non-controlling interest	(18)	(18)	(18)
Total equity	22,568	24,829	27,817
No. of Shares ('000)	141,344	155,479	171,026
NA per Share (RM) ^(iv)	0.16	0.16	0.16
Total borrowings (RM'000)	1,832	1,832	1,832
Gearing (times) ^(v)	0.08	0.07	0.07

Notes:

- (i) After adjusting for the issuance of 14,134,400 new BTM Shares pursuant to the Previous Private Placement at an issue price of RM0.16 each.
- (ii) Based on the Indicative Issue Price.
- (iii) After adjusting for the estimated expenses relating to the Proposed Private Placement of approximately RM0.15 million.

- (iv) Computed by taking the total NA of the Company divided by the number of Shares in issuance.
- (v) Computed by taking the total borrowings over the total NA of the Company.

5.3 Earnings and earnings per Share ("EPS")

The Proposed Private Placement is expected to be earnings accretive arising from the utilisation of proceeds from the Proposed Private Placement as set out above in the Section 2.5. The Proposed Private Placement is expected to contribute positively to the earnings of the Group as and when the benefit of the utilisation of proceeds are realised.

The EPS of the Group may however be proportionately diluted as a result of the increase in the number of Shares after the Proposed Private Placement.

5.4 Substantial shareholders' shareholding

The pro forma effects of the Proposed Private Placement on the shareholding of the substantial shareholders of BTM as at the LPD are set out in the table below:

Substantial shareholders	As at the LPD			
	Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%
Dato' Seri Yong Tu Sang	12,339,081	7.9	27,814,399	(iii)17.9
Yong Emmy	12,096,000	7.8	28,057,480	(iv)18.0
Ng Ah Heng	9,999,999	6.4	30,153,481	(v)19.4
Tan Sri Datuk Seri Mohd Hussin bin Abd Hamid	8,220,000	5.3	1,458,400	(vi)0.9
Placees (collectively)	-	-	-	-
Substantial shareholders	After the Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	(ii)%	No. of Shares	(ii)%
Dato' Seri Yong Tu Sang	12,339,081	7.2	27,814,399	(iii)16.3
Yong Emmy	12,096,000	7.1	28,057,480	(iv)16.4
Ng Ah Heng	9,999,999	5.8	30,153,481	(v)17.6
Tan Sri Datuk Seri Mohd Hussin bin Abd Hamid	8,220,000	4.8	1,458,400	(vi)0.9
Placees (collectively)	15,547,800	9.1	-	-

Notes:

- (i) Based on the existing share capital of 155,478,588 Shares as at the LPD.
- (ii) Based on the enlarged share capital of 171,026,388 Shares after the Proposed Private Placement.
- (iii) Deemed interest by virtue of shares held by his spouse, children and son-in-law.
- (iv) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
- (v) Deemed interest by virtue of shares held by her spouse, children and son-in-law.
- (vi) Deemed interest by virtue of shares held by his child.

5.5 Convertible Securities

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

Pursuant to the deed poll dated 12 September 2014 constituting the Warrants, the Proposed Private Placement will not have any effect on the convertible securities in issue. As such, no adjustments are required to be made to the exercise price and the number of the outstanding Warrants.

5.6 Dividends

The Proposed Private Placement will not have any effect on the dividend policy of the Company, if any. Future dividends to be declared by the Company will be dependent on, among others the future financial performance as well as cash position of the Group, after taking into consideration the working capital requirements, capital expenditures needed for future growth and business expansion.

6. ADDITIONAL INFORMATION

6.1 Adequacy of the Proposed Private Placement in addressing the Company's financial concerns

The Board is of view that the Proposed Private Placement is an interim measure to meet Group's immediate funding needs, which will contribute directly to its cash flow position and will strengthen the financial position of the Group. The Proposed Private Placement is the most appropriate avenue of fund raising at this juncture to address the Group's immediate short term working capital requirements.

Moving forward, the Company will continue to undertake a stringent profit and cost control measure for its existing business to ensure the overall profitability of the Group, which include, but not limited to continuously undertaking conservative cost control measures as well as undertaking close monitoring of the market conditions in Malaysia. The Group will continuously assess its financial position and condition moving forward to address its financial requirements, as and when required. However, the Board will continue to explore and evaluate other suitable funding proposals for the Group's long term financial requirements.

6.2 Value creation and impact of the Proposed Private Placement to the Company and its shareholders

The Proposed Private Placement will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flows. Notwithstanding the above, the consolidated earnings per Share ("**EPS**") of the Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the net assets ("**NA**") and gearing as well as the earnings and EPS of the Group are set out in Section 5.2 of this announcement.

As illustrated in Section 5.2 of this announcement, the Proposed Private Placement is expected to enlarge the issued share capital of the Group and in turn increase its shareholder's equity and enhance its overall financial position. Based on the audited consolidated financial statements of BTM for the FYE 31 December 2019 and the Indicative Issue Price, the NA position of RM22.59 million and gearing level of 0.08 times is expected to improve to RM27.66 million and 0.07 times, respectively, upon completion of the Proposed Private Placement.

However, the increase in the number of issued Shares pursuant to the Proposed Private Placement would result the shareholdings of the Company's existing shareholders to be diluted. It may also dilute the EPS of the Group if the earnings of the Group do not increase in tandem with the increase in the number of BTM Shares issued pursuant to the Proposed Private Placement. Despite the expected dilution in the consolidated EPS of the Group, the benefits expected to be generated from the Proposed Private Placement will aid the Company in its effort to continuously improve its financial performance and to enhance value for the shareholders moving forward.

6.3 Commentaries on the financial performance and financial position of BTM

The audited financial information of the BTM for the financial year ended ("FYE") 31 December 2017, FYE 31 December 2018, FYE 31 December 2019 and the unaudited FYE 31 December 2020 are as follows:

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	FYE 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	12,762	15,552	9,413	8,313
Gross profit (" GP ")	963	2,207	(2,903)	3,336
Profit before tax (" PBT ") / (Loss) before tax (" LBT ")	(1,497)	(2,352)	(6,530)	(4,811)
Profit after tax (" PAT ") / (Loss) after tax (" LAT ")	(827)	(2,605)	(6,453)	(4,236)
GP margin (%)	7.55	14.19	(30.84)	(40.13)
PBT/(LBT) margin (%)	(11.73)	(15.12)	(69.37)	(57.87)
PAT/(LAT) margin (%)	(6.48)	(16.75)	(68.55)	(50.96)
Shareholder's equity/ NA	28,867	28,525	22,586	23,443
No. of Shares ('000)	128,495	141,344	141,344	155,479
NA per Share	0.22	0.20	0.16	0.15
Total borrowings ('000)	4,185	3,124	1,832	1,263
Gearing (times)	0.14	0.11	0.08	0.05

FYE 31 December 2018 vs FYE 31 December 2017

For the FYE 31 December 2018, the Group recorded higher revenue of RM15.55 million as compared to RM12.76 million in the preceding year, mainly due to higher production volume from its biomass wood pellet which commenced production in the fourth quarter of preceding financial year.

During the year, the Group recorded higher LAT of RM2.61 million as compared to LAT of RM0.83 million in FYE 31 December 2017. Despite higher GP of RM2.21 million for FYE 2018 (FYE 31 December 2017: RM0.96 million), the Group incurred a higher LAT for FYE 31 December 2018 as compared to FYE 2017 due to lower other income generated of RM0.31 million (FYE 31 December 2017: RM2.32 million). This is mainly attributable to a one-time off waiver of advances from a director amounting to RM1.98 million in FYE 31 December 2017 which directly contributed to higher other income generated.

FYE 31 December 2019 vs FYE 31 December 2018

For the FYE 31 December 2019, the Group recorded lower revenue of RM9.41 million as compared to RM15.55 million in the preceding year, mainly due to lower production of wood pellet and priming timber in the current financial year because of the shortage of working capital to purchase raw materials.

The Group incurred higher LAT amounting to RM6.45 million as compared to previous year's LAT of RM2.61 million. The LAT is mainly due to lower revenue recorded coupled with higher raw materials cost and therefore resulted in lower profit margin of its manufactured products in the current financial year.

FYE 31 December 2020 vs FYE 31 December 2019

For the FYE 31 December 2020, the Group recorded lower revenue of RM8.31 million as compared to RM9.41 million in the preceding year, mainly due to the imposition of MCO on 18 March 2020 arising from the COVID-19 pandemic, which reduced the Company's overall production activities as the Company was only allowed to operate with 50% work force during the MCO period. Further, the export sales of the manufactured products were also affected due to disruption to its supply chain.

Despite the decrease in revenue, the Group incurred lower LAT of RM4.24 million as compared to previous year's LAT of RM6.45 million due to higher other income generated of RM2.88 million (FYE 31 December 2019: RM1.18 million). This is mainly attributable to a one-time off gain on disposal of a piece of leasehold land located in Terengganu of RM2.15 million in FYE 31 December 2020.

7. APPROVALS REQUIRED

The Proposed Private Placement is subject to the approvals being obtained from the following:

- (a) Bursa Securities, for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities; and
- (b) any other relevant persons or authorities, if required.

The Company had obtained its shareholders' approval for the General Mandate that authorises the Board to issue new BTM Shares from time to time upon such terms and conditions and for such purposes as the Board may in its absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued BTM Shares (excluding Treasury Shares) pursuant to Sections 75 and 76 of the Act. The said approval is valid until the conclusion of the next AGM unless revoked or varied by the Company at a general meeting or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier. Therefore, the Proposed Private Placement does not require another specific approval from the shareholders of BTM.

The Proposed Private Placement is not conditional upon any other corporate proposals undertaken or to be undertaken by BTM.

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

None of the Directors, major shareholders, chief executive of BTM and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

8. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Private Placement (including, but not limited to the proposed utilisation of proceeds, rationale and the effects of the Proposed Private Placement), is of the opinion that the Proposed Private Placement is in the best interest of the Group and its shareholders.

9. ADVISER AND PLACEMENT AGENT

M&A Securities has been appointed as the Adviser and Placement Agent to the Company for the Proposed Private Placement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the application to Bursa Securities in relation to the Proposed Private Placement is expected to be made within 2 months from the date of this announcement.

Subject to the relevant approvals being obtained and barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed by the third quarter of 2021.

This announcement is dated 3 May 2021.