

Subject : MEMORANDUM OF UNDERSTANDING

Description : MEMORANDUM OF UNDERSTANDING BETWEEN BTM RESOURCES BERHAD, (“THE COMPANY”) CHINA WESTERN POWER INTERNATIONAL PTE LTD AND SICHUAN NO. 2, ELECTRIC POWER CONSTRUCTION COMPANY (COLLECTIVELY KNOWN AS “THE PARTIES”) FOR THE ESTABLISHMENT OF A RM435.0 MILLION MUNICIPAL SOLID WASTE TO ENERGY GENERATION PLANT IN THE STATE OF MELAKA

1.0 INTRODUCTION

The Board of Directors of the Company is pleased to announce that BTM Resources Berhad (hereinafter refer to as “BTM” or “First Party”) has on 14 April 2017 entered into a Memorandum of Understanding (“MOU”) with China Western Power International Pte Ltd (hereinafter refer to as “China Western Power” or “Second Party”) and Sichuan No. 2 Electric Power Construction Company (hereinafter refer to as “Sichuan Power” or “Third Party”) at Chengdu, The People ‘s Republic of China, under the auspicious witness of TYT Tun Datuk Seri Utama Mohd Khalil Bin Yaakob, the Governor of Melaka, and Rt. Hon. YAB Datuk Seri Utama Ir. Hj. Idris Bin Hj. Haron, the Chief Minister of Melaka, and government officials and delegates of the State Government of Melaka, as well as distinguished guests from both China Western Power and Sichuan Power.

2.0 INFORMATION OF CHINA WESTERN POWER AND SICHUAN POWER

- 2.1 CHINA WESTERN POWER INTERNATIONAL PTE LTD (Company No. 201540780W), a company registered in Singapore having its registered address at No. 346, Pasir Panjang Road, Singapore 118687 and is involved in the business of investment, engineering, business and management services in clean energy.
- 2.2 SICHUAN NO. 2, ELECTRIC POWER CONSTRUCTION COMPANY (Company No. 510108000044329) a company registered in Sichuan, The People ‘s Republic of China, having its registered address at No. 38, Huaishu Street, Chenghua District, Chengdu, Sichuan China and has extensive experience in developing, investing, constructing and operating of renewable energy projects.

3.0 SALIENT TERMS OF THE MOU

- 3.1 The Parties intend to set up a Municipal Waste to Energy Plant (“WtE Plant”) with a capacity of not less than 1,000 tons/day in the State of Melaka, Malaysia (hereinafter referred to as “the Power Generation Project”), subject to approval of the relevant authorities.
- 3.2 The MOU define the intentions of the Parties in the pursuit of the Power Generation Project. Any business projects or ventures which the Parties engage together through this MOU shall be subject to the execution of specific agreements setting out such terms and conditions as agreed between the Parties (“Specific Agreements”).
- 3.3 Under the MOU, the Parties shall jointly invest in securing the Power Generation Project via a Special Purpose Vehicle (“SPV”) to be established by the Parties or their respective related companies. The present estimated total investment for the Power Generation Project is RM435 million for a WtE Plant.
- 3.4 The obligations of the Second Party and Third Party are to procure the entire funding cost for the Engineering, Procurement, Construction and Commissioning (“EPCC”) of the Power Generation Project. In addition, all technology development cost related to this Power Generation Project is to be funded entirely by the Second Party and Third Party.
- 3.5 The Company’s obligation is to secure a waste disposal concession of not less than 25 years from the Government of Melaka and suitable tipping fee and power purchase agreement. The Company is also required to identify, propose and procure a suitable site for the WtE Plant.
- 3.6 The entire and formal agreements relating to the performance of the Power Generation Project will be finalised by the Specific Agreements within thirty (30) days from the date the Project is awarded to the Parties or such further time as may be agreed by the Parties thereto.
- 3.7 This MOU shall become null and void :
- (i) Upon the execution of the Specific Agreements between the Parties ;
or
 - (ii) After a period of one (1) year from the date of execution of the MOU ;
or
 - (iii) By mutual agreement of the parties hereto to terminate the MOU ; or
 - (iv) By either party giving at least one (1) month’s notice in writing of its intention to terminate.

4.0 RATIONALE OF MOU

The MOU and collaboration contemplated therein will serve as a platform for the Company to tap into the reputation, experience and standing of Sichuan Power in power generation projects. This will also diversify the income stream and contribute to the profitability of BTM Group in the future.

5.0 FINANCIAL EFFECTS OF MOU

The MOU will not have any material effect on the share capital and substantial shareholders' shareholdings of the Company and is not expected to have any material effect on the net assets, earnings and gearing of the Company for the financial year ending 31 December 2017.

6.0 DIRECTOR'S STATEMENT

None of the Directors and/or substantial shareholders of the Company and/or person connected with them have any interest, direct and/or indirect, in the MOU. Having considered all aspects of the MOU, the Board of Directors of the Company is of the opinion that the MOU is in the best interest of the Company.

7.0 APPROVAL REQUIRED

The MOU is not subject to the approval of shareholders of the Company.

This announcement is dated 17 April 2017