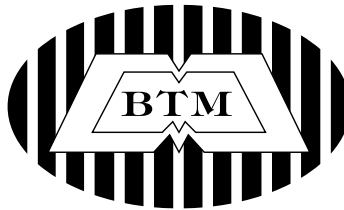


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

The Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, 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**

(Company No : 303962-T)

(Incorporated In Malaysia)

### **CIRCULAR TO SHAREHOLDERS**

In relation to the

#### **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The above proposal will be tabled as Special Business at the Company's Twenty-Third Annual General Meeting ("AGM"). Notice of the AGM, to be held at Arcadia 1, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday 30th May 2017 at 11.30 a.m. is set out in the Annual Report of the Company for the financial year ended 31 December 2016.

A Form of Proxy must be lodged at the Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not later than forty-eight (48) hours before the time appointment for holding the meeting or any adjournment there of. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday 28 May 2017  
at 11.30 a.m.

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## DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time and any re-enactment
AGM	:	Annual General Meeting
BMSB	:	Bursa Malaysia Securities Berhad (635998-W)
Board	:	Board of Directors of BTM Resources
BT Industries	:	Besut Tsuda Industries Sdn Bhd (21293-U)
BT Wood Products	:	Besut Tsuda Wood Products Sdn Bhd. (106943-U)
BTM Biomass	:	BTM Biomass Products Sdn Bhd (450081-D)
BTM Marketing	:	BTM Marketing & Trading Sdn Bhd (442239-A)
BTM Resources or Company	:	BTM Resources Berhad (303962-T)
BTM Resources Group or Group	:	BTM Resources Berhad and its subsidiary companies collectively
BTM Timber	:	BTM Timber Industries Sdn Bhd (15121-W)
EGM	:	Extraordinary General Meeting
Gimzan	:	Gimzan Plywood Sdn Bhd (199260-P)
Main Market Listing Requirements	:	Bursa Malaysia Listing Requirements
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is <ol style="list-style-type: none"><li>10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or</li><li>5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation</li></ol> For the purpose of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.
OTS	:	Oversea Timber Supplies Sdn. Bhd. (99715X)
Person(s) Connected	:	In relation to a director or major shareholder of a corporation ("said Person"), such person who falls under any one of the following categories; <ol style="list-style-type: none"><li>a family member of the said Person</li><li>a partner of the said Person, or a partner of a person connected with that said Person;</li><li>a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;</li><li>a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;</li><li>a person in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;</li><li>a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;</li><li>a body corporate or its directors whose directions, instructions or wishes the said Person is accustomed or under an obligation, whether formal or informal, to act;</li><li>a body corporate in which the said Person, or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or</li><li>a body corporate which is a related corporation.</li></ol>

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Proposed Mandate Period	: The period during which the RRPTs are to be entered into for which the Proposed Renewal of Shareholders' Mandate are being sought. This period shall commence immediately upon the passing of the resolution in respect of the Proposed Renewal of Shareholdings' Mandate and Proposed New Shareholders Mandate during the forthcoming AGM until:-
	(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which time such mandate will lapse, unless by a resolution passed at the general meeting, the authority is renewed : or
	(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(2) of the Act); or
	(iii) revoked or varied by resolution passed by the shareholders in general meeting
Proposed Renewal of Shareholders' Mandate	: Proposed renewal of existing shareholders' mandate for the BTM Resources Group to enter into RRPTs during the Proposed Mandate Period
RRPT(s)	: Recurrent Related Party Transactions of a revenue or trading nature, which are necessary for day-to-day transactions of the BTM Resources Group and which is within the ordinary course of business of the Group.
Related Party(ies)	: Director(s), major shareholder(s) or person(s) connected with such Director(s) or major shareholder(s) as defined under Chapter 1 and Chapter 10, Rule 10.02 of the MMLR
RM	: Ringgit Malaysia
Seri Indah	: Seri Indah Enterprise Sdn. Bhd. (27060-W)
Sung Lee	: Sung Lee Timber Trading Sdn. Bhd. (41008-K)
Syarikat Maskayu	: Syarikat Maskayu Sawmill Sdn. Bhd. (13517-U)
SPPT	: SPPT Development Sdn. Bhd. (125060-D)

Words importing the singular shall, where applicable, include the plural and vice versa.

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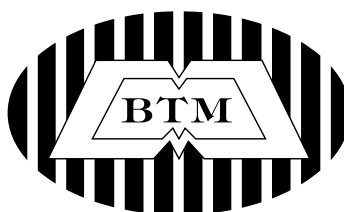
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FURTHER INFORMATIONS



## **BTM RESOURCES BERHAD**

(Company No : 303962-T)  
(Incorporated In Malaysia)

**Registered Office:**  
Level 2, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur

28 April 2017

### **Board of Directors:**

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	<i>(Chairman, Senior Independent Non-Executive Director)</i>
Dato' Seri Yong Tu Sang	<i>(Managing Director)</i>
Yong Hin Siong	<i>(Executive Director)</i>
Yong Emmy	<i>(Non-Executive Director)</i>
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	<i>(Independent Non-Executive Director)</i>
Choong Show Tong	<i>(Independent Non-Executive Director)</i>
Yong Ellen	<i>(Alternate Director to Yong Emmy)</i>

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### **To : The Shareholders of BTM Resources Berhad**

Dear Sir/Madam,

### **THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

#### **1. INTRODUCTION**

On 30th May 2016, the Company announced that the shareholders had approved the following proposal at the AGM held on 30th May 2016 :-

- a) authority for renewal of existing shareholders' mandate and new shareholders' mandate in relation to recurrent related party transactions of a revenue or trading nature which are necessary for its day to day operations and are in the ordinary course of business of BTM Resources Berhad.

The said authorisations shall, in accordance with the Main Market Listing Requirements, expire at the conclusion of the AGM of BTM Resources, which will be held on 30th May 2017. The Company is proposing to renew the Proposed Shareholders' mandate from its shareholders at the forthcoming AGM to be held on 30th May 2017.

On 14 March 2017, BTM had announced its intention to seek shareholders' approval for the Proposed Mandate at the Forthcoming AGM.

The purpose of this Circular is to provide you with the details of the Proposed Renewals of Shareholders' Mandate to seek your approval for the Ordinary Resolution pertaining thereto to be tabled at the forthcoming AGM of BTM Resources Berhad.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDER'S MANDATE AT THE FORTHCOMING AGM.**

## 2. PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Paragraph 10.09 Part E of Chapter 10 of the Listing Requirements

Under paragraph 10.09 Part E, Chapter 10 of the Main Market Listing Requirements read with paragraph 2.1 of Practice Note 12, where there are recurrent related party transactions of a revenue or trading in nature which are necessary for its day-to-day operations, the listed issuer may seek a shareholders' mandate in respect of such transactions to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favorable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 millions; or
  - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1% ;

Whichever is the

- (aa) higher, in relation to a listed issuer with an issued and paid-up capital of RM60 million and above; or
- (bb) lower, in relation to a listed issuer with an issued and paid-up capital which is less than RM60 million.

- (c) Issuing of circular to shareholders by the listed issuer; and
- (d) In a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested persons connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

### 2.2 (i) Related parties with whom the transactions were/will be carried out

The principal activities of the Company consist of investment holding and provision of management services. The principal activities of the subsidiary companies are set out below:-

Name of subsidiary company of BTM Resources	Effective equity interest %	Principal activities
BT Industries	100.00	Investment holding, logging, sawmilling, trading of sawn timber and logs and provision of transport services
Syarikat Maskayu	99.99	Logging, sawmilling and trading of sawn timber
BT Wood Products	100.00	Kiln-drying operations, timber moulding and manufacturing of finger jointed timber and lamination boards
BTM Marketing	100.00	Trading of sawn timber, mouldings and plywood
BTM Biomass	100.00	Manufacturing of Wood Pellet
BTM Gourmet	100.00	Dormant
BTM Open Road Auto Sdn Bhd	50.00	Dormant

2.2 (ii) The Recurrent Transactions for which the mandate of the shareholders is sought are in respect of transactions entered into by the BTM Resources Group with the following related parties, details of which are as follows:

Companies in the BTM Resources Group involved in the Recurrent Transactions	Related party	Country of incorporation of the related party	Principal activities of the related party	Length of relationship
BT Wood Products BTM Marketing BTM Biomass	BTM Timber	Malaysia	Logging and sawmilling	> 23 years
BTM Resources BT Wood Products BTM Biomass	Seri Indah	Malaysia	Insurance agent	> 23 years
BTM Resources	Dato' Seri Yong Tu Sang	-	-	-
BT Wood Products BTM Marketing BTM Biomass	Gimzan	Malaysia	Plywood manufacturing	> 23 years
BT Wood Products	SPPT	Malaysia	Timber Trading	> 5 years
BT Wood Products BTM Marketing	OTS	Malaysia	Logging and trading logs	> 5 years

The aforesaid related parties are hereafter collectively referred to as the "Mandated Related Parties"

Save for Dato' Seri Yong Tu Sang, none of the Mandated Related Parties has any interest, direct or indirect, in BTM Resources.

**2.3(i) The Nature and Value of the RRPTs under the Proposed Renewal of Shareholders' Mandate**

Existing RRPTs for which approval is now being sought for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM:

Companies in the BTM Resources Group involved in the recurrent transactions	Mandated Related Party	Nature of transactions	Interest Major Shareholders / Persons Connected	Estimate Value of Preceding Year's Mandate RM	Actual Value transacted from 31 May 2016 to 31 March 2017 RM	Estimated Value during the Proposed Mandate Period (Note 1) RM
BTM Resources	Dato' Seri Yong Tu Sang	Rent of office premises by BTM Resources from Dato' Seri Yong Tu Sang Location : No. 35-3 and 35-4, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Total size : 3,650 square feet Rental per month : RM4,080.00"	Dato' Seri Yong Tu Sang, To' Puan Ng Ah Heng, Yong Emmy, Yong Ellen and Yong Hin Siong	50,000	48,960	50,000
	Seri Indah	Purchase of fire, motor vehicle and other insurance by BTM Resources		20,000	6,931	20,000
BT Wood Products	BTM Timber	<ul style="list-style-type: none"> <li>• Purchases of sawntimber by BT Wood Products from BTM Timber.</li> <li>• Purchase of timber treatment services &amp; other services by BT Wood Products</li> <li>• Provision of packing and kiln drying services by BT Wood Products</li> </ul>		3,000,000	1,292,427	3,000,000
	Seri Indah	Purchases of fire, marine workmen compensation and motor vehicle insurance by BT Wood Products		200,000	109,550	200,000
	OTS	Purchases of Timber by BT Wood Products		8,000,000	454,429	8,000,000
		Sales of priming products, moulding timber and provision of kiln drying and other services by BT Wood Products		12,000,000	5,790,625	12,000,000
	SPPT	Purchase of logs by BT Wood Products		10,000,000	-	5,000,000



Companies in the BTM Resources Group involved in the recurrent transactions	Mandated Related Party	Nature of transactions	Interest Major Shareholders / Persons Connected	Estimate Value of Preceding Year's Mandate RM	Actual Value transacted from 31 May 2016 to 31 March 2017 RM	Estimated Value during the Proposed Mandate Period (Note 1) RM
BTM Marketing	BTM Timber	Purchases of sawntimber by BTM Marketing from BTM Timber.	Dato' Seri Yong Tu Sang, To' Puan Ng Ah Heng, Yong Emmy, Yong Ellen and Yong Hin Siong	2,000,000	318,478	2,000,000
	Gimzan	Purchases of plywood veneer and block board for trading by BTM Marketing		10,000,000	363,698	10,000,000
		Sales of veneer and plywood to Gimzan by BTM Marketing		324,000	NIL	3,000,000
BTM Biomass	Gimzan	Rental of vacant land by BTM Biomass from Gimzan Location : Hakmilik 3936, No. Lot 12373 Mukim Bukit Payong District of Marang, Terengganu Total Size : 26.9177 Acres Rental per month : RM26,917.70		2,000,000	(*) NIL	324,000
		Purchase of waste timber, wood chips and sawdust by BTM Biomass from Gimzan		1,000,000	(*) NIL	1,000,000
	BTM Timber	Purchases of waste timber, wood chips and sawdust by BTM Biomass from BTM Timber		1,000,000	(*) NIL	1,000,000

Note (1) The estimated value of transaction is based on information available at the point of estimation. The actual value of transactions may vary from estimated value disclosed above.

(\*) There were no transaction values for BTM Biomass with Gimzan and BTM Timber due to the construction of factory building and installation of plant and machinery by BTM Biomass are still in progress stage. There is no rental charge on rental of vacant land as the rental agreement stated that rental will only commence on commercial production of wood pellets by BTM Biomass. The tentative date of completion of construction of the factory building and installation of plant and machinery by BTM Biomass Products Sdn Bhd will be in June 2017.

2.3(ii) The following were transaction under previous mandate for which renewal of mandate is not being sought and actual value transacted against the mandate value :-

Companies in the BTM Resources Group involved in the recurrent transaction	Mandated Related Party	Nature of the RRP/TPs	Estimate Value of Previous Mandate	Actual Value Transacted from 31 May 2016 to 31 March 2017
BT Industries	SPPT	Purchase of logs by BT Industries from SPPT	2,000,000	NIL

2.4 The shareholdings of directors and/or major shareholders, who are interested in the Proposed Shareholders' Mandate, in the Mandated Related Parties are set out below:-

Interested director and/ or shareholder of BTM Resources	BTM Timber		Seri Indah		Sung Lee		Gimzan		OTS		SPPT	
	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %
Dato' Seri Yong Tu Sang	39.4	-	35.0	45.0*	60.0	-	-	39.4#	70	-	30.0	-
Yong Emmy	-	-	-	-	-	-	-	-	-	-	-	-
Yong Hin Siong	-	-	-	-	-	-	-	-	-	-	-	-
To' Puan Ng Ah Heng	-	-	-	-	40.0	-	-	-	-	-	-	-
Yong Ellen	60.6	-	-	-	-	-	60.6#	-	-	-	70.0	-

Note :

- \* Held via their substantial interest in Seri Indah Capital Sdn Bhd, which in turn has a 45% equity interest in Seri Indah
- # Deemed interest by virtue of their substantial shareholdings in BTM Timber Industries Sdn. Bhd. The holding company of Gimzan

## 2.5 Review methods or procedures for the Proposed RRPTs

The Group had established the following procedures for the Proposed RRPTs to ensure compliance with the Main Market Listing Requirements:

- (a) A list of mandated parties is circulated within the Group and will be updated as and when there are changes.
- (b) All parties have been and/or will be kept notified that all Recurrent Related Party Transactions and recurrent transactions are required to be taken at arm's length and on normal commercial terms which are not more favorable to the mandated parties than those generally available to the public and are not detrimental to the minority shareholders and recurrent transactions are to be fair and reasonable to BTM and is not to the detriment of BTM and its shareholders.
- (c) The Audit Committee shall circulate a list of related party and the general nature of the Recurrent Transactions (which are updated from time to time) together with the policy on the Recurrent Transactions to all the Executive Directors with expressed notification that all Recurrent Transactions shall be negotiated at arm's length and on normal commercial terms not more favorable to the related parties than those generally available to the public. The threshold for approval of the Recurrent Related Party Transactions within the Group is RM100,000.00 per Invoice. All RRPT with value equal to or exceeding RM100,000 per invoice are reviewed and approved by a committee comprises of Directors and managers to ensure compliance with the Listing Requirements on RRPTs. RRPTs with value below RM100,000 are reviewed and authorized by personnel of at least manager level, provided always that such personnel has no interest to a shareholders' mandate obtained at an AGM for RRPTs.
- (d) Record will be maintained by the respective companies to capture all Recurrent Related Transactions and recurrent transactions which are entered pursuant to the Shareholders' mandate.
- (e) The annual internal audit plan incorporate a review of all Recurrent Related Transactions and recurrent transactions entered into pursuant to the Shareholders' mandate to ensure that relevant approvals are obtained and the procedures in respect of such transactions are adhered to.
- (f) The Board shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the Group as they deem appropriate.
- (g) If a member of the Board has an interest in the transaction to be reviewed by the Board, as the case may be, he will abstain from any decision making by the Board in respect of the said transaction.
- (h) The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor Recurrent Related Party Transactions and recurrent transactions have been complied with.

Whenever possible BTM will use at least two (2) other contemporaneous transactions with unrelated third parties for similar services and quantities as comparison, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the similar type of service and quantity.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by BTM based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations to ensure that the Recurrent Related Party Transactions are not detrimental to the BTM Group.

## 2.6 Review Methods or Procedures for the Proposed RRPTs

Your Audit Committee has seen and reviewed the procedures for Recurrent Related Transactions and recurrent transactions (as set out in Section 2.5 above) and is of the view that the abovementioned procedures are sufficient to ensure that:

- (i) the RRPTs will be carried out at arm's length basis and on normal commercial terms which are not more favorable to the related parties than those generally available to the public are not to the detriment of minority shareholders; and
- (iii) the recurrent transactions will be fair and reasonable to BTM and is not to the detriment of BTM and its shareholders.

The audit committee confirm that the company has in place adequate procedures and processes to monitor, track and identify Recurrent Related Transactions in a timely and orderly manner. The Audit Committee shall conduct its review from time to time when the need arises. These procedures and processes are reviewed annually.

## 2.7 Amount Due and Owing Under Recurrent Related Party Transactions

The breakdown of the principal sum (without interest) for the total outstanding amount and owing to our company under the Recurrent Related Party Transactions as per section 2,3 are as below :-

Name of Related Parties	Total Outstanding Receivables As At 31-12-2016 RM	Normal Credit Period	Outstanding RRPT Receivables (Years) (RM)			
			< 1	> 1 - 3	> 3 - 5	> 5
Gimzan Plywood Sdn Bhd	839,259	NIL	0	0	0	839,259
TOTAL	839,259	NIL	0	0	0	839,259

Note : There are no late payment charges imposed on the above overdue trade receivable as the amount overdue amount was trade in nature. The management had jointly and collectively taken steps with Gimzan Plywood Sdn Bhd whereby the purchase of veneer and plywood by BTM Marketing be used to contra with outstanding receivables and the charge on vacant land will be used to contra with outstanding receivables. As at 31 December 2016, the outstanding receivable has been reduced to RM839,259.

## 3. RATIONALE FOR THE PROPOSALS

### Rationale for and benefits of the Proposed Shareholders' Mandate

The obtaining of shareholders' mandate in respect of the Recurrent Transactions and the renewal of the mandate thereof on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when Recurrent Transactions are equal to or exceed 5% (as prescribed in paragraph 10.04 of the Listing Requirements), thereby reducing substantially administrative time and expenses in convening such meeting without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The shareholders' mandate is intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the Mandated Related Parties, provided that they are carried out at arm's length and on the Group's normal commercial terms and are not detrimental to shareholders and on terms not more favorable to the related parties than those generally available to third parties and are not detrimental to the minority shareholders.

The Recurrent Transactions entered into with the Mandated Related Parties are intended to meet business needs at the best possible commercial terms and to enhance the ability of the Group to explore beneficial business opportunities which will be to the benefit of the BTM Resources Group.

## 4. EFFECTS OF THE PROPOSALS

The Proposals will not have any effect on the issued and paid-up share capital, the shareholdings of the substantial shareholders, consolidated net tangible assets and consolidated earnings of the Group.

## 5. APPROVALS REQUIRED

The Proposals are conditional upon approval obtained from the shareholders of the Company at the forthcoming AGM. The proposed Shareholders' Mandate to be procured from the shareholders of the Company at the forthcoming AGM is subject to annual renewal. An aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, shall be disclosed in the Company's annual report.

## 6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed below, and to the best knowledge of the Directors of BTM Resources, none of the Directors and/or major shareholders of BTM Resources or any persons connected with the Directors and/or major shareholders of BTM Resources has any interest, direct and/or indirect, in the Proposed Shareholders' Mandate.

- (a) Dato' Seri Yong Tu Sang is a Director and major shareholder of BTM Resources. He is also a Director and major shareholder of BTM Timber, Sung Lee, SPPT, Gimzan and OTS and a major shareholder of Seri Indah. He is the husband of To' Puan Ng Ah Heng and the father of Yong Emmy, Yong Ellen and Yong Hin Siong.
- (b) To' Puan Ng Ah Heng is a major shareholder of BTM Resources and Sung Lee. She is also a director of Sung Lee and a deemed major shareholder of BTM Timber, Seri Indah, SPPT, Gimzan and OTS by virtue of her being the wife of Dato' Seri Yong Tu Sang
- (c) Yong Emmy is a director and major shareholder of BTM Resources and a deemed major shareholder of BTM Timber, Seri Indah, Sung Lee, SPPT, Gimzan and OTS by virtue of her being the daughter of Dato' Seri Yong Tu Sang.
- (d) Yong Ellen is an Alternate Director to Yong Emmy, a Director of BTM Resources Berhad. She is also a Director and major shareholder of BTM Timber, SPPT and Gimzan and a deemed major shareholder of Seri Indah, Sung Lee and OTS by virtue of her being the daughter of Dato' Seri Yong Tu Sang.
- (e) Yong Hin Siong is a director of BTM Resources Berhad and a deemed major shareholder of BTM Timber, Seri Indah, Sung Lee, SPPT, Gimzan and OTS by virtue of him being the son of Dato' Seri Yong Tu Sang.

Accordingly, Dato' Seri Yong Tu Sang, Yong Emmy, Yong Ellen and Yong Hin Siong are deemed interested in the Proposed Shareholders' Mandate and as such, have and will continue to abstain from all board deliberations and voting on the Proposed Shareholders' Mandate.

In addition, Dato' Seri Yong Tu Sang, To' Puan Ng Ah Heng, Yong Emmy, Yong Ellen and Yong Hin Siong will abstain from voting in respect of their direct and/or indirect interest in BTM Resources at an AGM to consider the resolutions in respect of the Proposed Shareholders' Mandate.

The interested Directors and Major Shareholders will also ensure that Persons Connected to them as defined in the Listing Requirements will abstain from voting in respect of their direct and indirect shareholdings, if any, on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

The direct and/or indirect interest of the aforementioned Directors and major shareholders in the Mandated Related Parties are set out in section 2.4 of this Circular.

The interested Directors and Major Shareholders of BTM and their respective interests in BTM based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at 31 March 2017 are as follows:

Interested Directors / Major Shareholders	No. of shares held in BTM Resources			
	Direct		Indirect	
	No.	%	No.	%
Dato' Seri Yong Tu Sang	12,339,081	9.85	<sup>(1)</sup> 27,814,299	22.19
Yong Emmy	12,096,000	9.65	<sup>(2)</sup> 28,057,380	22.39
Ng Ah Heng	9,999,999	7.98	<sup>(3)</sup> 30,153,381	24.06
Yong Ellen	108,300	0.08	<sup>(4)</sup> 40,045,180	31.96
Yong Hin Siong	-	-	<sup>(5)</sup> 40,153,380	32.04

- (1) Deemed interested by virtue of shares held by his spouse, children and son-in-law.
- (2) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
- (3) Deemed interest by virtue of shares held by her spouse, children and son-in-law.
- (4) Deemed interest by virtue of shares held by her parents, sister and spouse.
- (5) Deemed interest by virtue of shares held by his parents, sisters and brother-in-law.

## **7. DIRECTORS' RECOMMENDATION**

Having considered the rationale for the Proposal, your Directors with the exception of Dato' Seri Yong Tu Sang, Yong Emmy, Yong Ellen and Yong Hin Siong are of the opinion that the Proposal is in the best interest of the Company.

Your Directors wish to advise that the Proposed Shareholders' Mandate are necessary for the Company's day-to-day operations and therefore with the exception of Dato' Seri Yong Tu Sang, Yong Emmy, Yong Ellen and Yong Hin Siong, recommend that you vote in favour of the Ordinary Resolution to be tabled at the forthcoming AGM.

## **8. ANNUAL GENERAL MEETING**

The ordinary resolution pertaining to the Proposed Shareholders' Mandate is set out as Special Business in the Notice of AGM contained in BTM Resources's Annual Report for the financial year ended 31 December 2016 which is being sent to you with this circular. The Twenty – Third AGM will be held at Arcadia 1, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Tuesday 30 May 2017 at 11.30 a.m.

If you are unable to attend and vote in person at the forthcoming AGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at registered office of the Company at Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM.

## **9. FURTHER INFORMATION**

Shareholders are advised to refer to the attached Appendix 1 for further information.

Yours faithfully,

for and on behalf of the Board of

**BTM RESOURCES BERHAD**

**Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman**

Director

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**FURTHER INFORMATIONS**


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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 and to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

**2. Material Litigation, Claims Or Arbitration**

BTM Resources and its subsidiary companies are not involved in any material litigation, claims and/or arbitrations, either as plaintiff or defendant as at the date of their circular and the Directors are not aware of and do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the company and/or its subsidiaries.

**3. Material Commitments And Contingent Liabilities**

Save as disclosed below, the Board is not aware of any other material commitments and contingent liabilities which are incurred or known to be incurred by BTM Resources :-

Capital Commitments

The capital commitments contracted for by the Group as at 31 December 2016 is RM280,769.

Contingent Liabilities

The contingent liabilities of our Group as at 31 December 2016 are as follows :

Bank Guarantee - secured	---	RM100,000.00
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**4. Material Contracts**

Save as disclosed below neither BTM Resources nor any of its subsidiaries has entered into any other contracts which are material within the two (2) years preceding the date of this Circular.

- (i) Tenancy Agreement dated 14 May 2015 between Gimzan Plywood Sdn Bhd and BTM Biomass Products Sdn Bhd.

**5. Documents for Inspection**

Copies of the following documents will be made available for inspection at the Registered Office of the Company during office hours from the date of this Circular up to and including the date of the AGM :

- (i) Memorandum and Articles of BTM Resources;
- (ii) Audited Accounts of BTM Resources for the past two (2) financial years ended 31st December 2015 and 31st December 2016;
- (iii) Tenancy Agreement dated 14 May 2015 between Gimzan Plywood Sdn Bhd and BTM Biomass Products Sdn Bhd;

