

ASIA BIOENERGY TECHNOLOGIES BERHAD (“ASIABIO” OR THE “COMPANY”)

PROPOSED RIGHTS ISSUE WITH WARRANTS

1.0 INTRODUCTION

On behalf of the Board of Directors of AsiaBio (“**Board**”), M&A Securities Sdn Bhd (“**M&A Securities**”) wishes to announce that AsiaBio proposes to undertake a renounceable rights issue of up to 420,200,000 new ordinary shares of RM0.10 each in AsiaBio (“**Rights Shares**”) together with up to 420,200,000 new free detachable warrants (“**Warrants**”) at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing ordinary share of RM0.10 held in AsiaBio (“**AsiaBio Shares**” or “**Shares**”) (“**Proposed Rights Issue with Warrants**”).

2.1 DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

AsiaBio proposes to undertake a renounceable rights issue of up to 420,200,000 Rights Shares together with up to 420,200,000 Warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share and one (1) Warrant for every one (1) existing AsiaBio Share held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date (“**Entitled Shareholders**”) to be determined and announced later by the Board (“**Entitlement Date**”).

The Entitlement Date will be determined by the Board after obtaining the approvals for the Proposed Rights Issue with Warrants from all relevant authorities and the shareholders of the Company.

As at the date of this announcement, the issued and paid-up share capital of AsiaBio is RM42,020,000 comprising 420,200,000 AsiaBio Shares. Accordingly, 420,200,000 Rights Shares and 420,200,000 Warrants will be issued pursuant to the Proposed Rights Issue with Warrants, assuming all Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue with Warrants in full (“**Maximum Scenario**”).

Nevertheless, the Proposed Rights Issue with Warrants will be implemented on a minimum subscription level to raise minimum gross proceeds of at least RM5.0 million via the issuance of at least 50,000,000 Rights Shares (“**Minimum Scenario**”). The Minimum Scenario is based on the required funding of RM5.0 million of AsiaBio and its subsidiaries (“**AsiaBio Group**” or “**Group**”), as set out in Section 2.7 of this announcement. Under the Minimum Scenario, 50,000,000 Rights Shares will be issued together with 50,000,000 Warrants pursuant to the Proposed Rights Issue with Warrants.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. 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. If the Entitled Shareholders decide to subscribe for only part of their Rights Shares entitlements, they shall be entitled to the Warrants in proportion of their subscription of their Rights Shares entitlements. The Rights Shares which are not validly taken up shall be made available for excess application by the Entitled Shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

Any fractional entitlement under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion think expedient and in the best interest of AsiaBio.

The indicative salient terms of the Warrants are set out in Section 2.6 below.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(a) Rights Shares

The issue price of the Rights Shares has been determined by the Board at RM0.10 per Rights Share, after taking into consideration, amongst others, the following:

- (i) The AsiaBio Group's accumulated losses of RM17.90 million and RM15.56 million based on its audited financial statements for the financial year ended 31 January 2013 ("**FYE 2013**") and unaudited financial statements for the three (3) months financial period ended ("**FPE**") 30 April 2013, respectively;
- (ii) The AsiaBio Group's loss after taxation of RM4.4 million based on its audited financial statements for the FYE 2013; and
- (iii) par value of the AsiaBio Shares.

The issue price of RM0.10 per Rights Share represents a discount of 5.66% from the theoretical ex-rights price of AsiaBio Shares upon completion of the Proposed Rights Issue with Warrants of RM0.106 per Share calculated based on the five (5) days weighted average market price ("**5D-WAMP**") of AsiaBio Shares up to 20 September 2013 of RM0.12, being the market day immediately preceding the date of this announcement.

The Board is of the opinion that the pricing of the Rights Shares is fair after taking into account the above factors.

(b) Warrants

The exercise price of the Warrants has been determined by the Board at RM0.10 per Warrant, after taking into consideration, amongst others, the following:

- (i) the financial position of the AsiaBio Group as set out in Section 2.2(a)(i) and (ii) above; and
- (ii) the par value of the AsiaBio Shares.

The exercise price of the Warrants at RM0.10 per Warrant represents a discount of 16.67% and 5.66% to the 5D-WAMP of AsiaBio Shares up to 20 September 2013 of RM0.12 and the theoretical ex-rights price of AsiaBio Shares of RM0.106, respectively.

The Warrants are attached to the Rights Shares without any cost and will be issued in proportion to the Rights Shares subscribed by the Entitled Shareholders.

2.3 Listing of the Rights Shares and Warrants

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Rights Shares, Warrants and new AsiaBio Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

2.4 Ranking of the Rights Shares and the new AsiaBio Shares arising from the exercise of the Warrants

The Rights Shares shall upon allotment and issue, rank *pari passu* in all respects with the then existing AsiaBio Shares except that they shall not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares.

The new AsiaBio 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 AsiaBio Shares except that they shall not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is prior to the date of allotment of the new AsiaBio Shares to be issued pursuant to the exercise of the Warrants.

2.5 Proposed Minimum Subscription Level, Undertaking and Underwriting Arrangement

As at the date of this announcement, CPE Growth Capital Limited (“**CPE**”), the substantial shareholder of AsiaBio holds 50,000,000 AsiaBio Shares, representing 11.90% equity interest in AsiaBio. CPE had on 23 September 2013, given their irrevocable and unconditional written undertaking to subscribe for at least 50,000,000 Rights Shares (“**Subscription Undertaking**”). Based on the Subscription Undertaking, CPE’s subscription amount under the Proposed Rights Issue with Warrants will be at least RM5.0 million.

The Subscription Undertaking by CPE will not trigger any obligation under the Malaysian Code on Take-Overs and Mergers, 2010 (“**Code**”) and CPE confirms that it will observe and comply at all times with the provisions of the Code.

Based on the above, the Proposed Rights Issue will be undertaken on a minimum subscription basis (“**Minimum Subscription Level**”), which is based on the Subscription Undertaking. The Minimum Scenario is based on the required funding of RM5.0 million of AsiaBio Group, as set out in Section 2.7 of this announcement.

In view of the Subscription Undertaking and Minimum Subscription Level, underwriting arrangement will not be required for the Proposed Rights Issue with Warrants.

2.6 Indicative Salient Terms of the Warrants

The indicative salient terms of the Warrants are set out below:

Issuer	: AsiaBio.
Number of Warrants to be issued	: Up to 420,200,000 Warrants to be issued to the Entitled Shareholders in connection with the Proposed Rights Issue with Warrants.
Detachability	: The Warrants to be issued under the Proposed Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.

Deed Poll	: The Warrants will be issued in registered form and constituted by a deed poll to be executed by AsiaBio ("Deed Poll").
Issue Price	: The Warrants are to be issued free pursuant to the Proposed Rights Issue with Warrants.
Exercise Price	: RM0.10 per Warrant for every one (1) new AsiaBio Share or such price adjusted in accordance with the terms and provisions of the Deed Poll. The basis of determining the exercise price of the Warrants is set out in Section 2.2(b) above. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the exercise period.
Exercise Rights	: Each Warrant carries the entitlement, at any time during the exercise period to subscribe for one (1) new AsiaBio Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	: The Warrants may be exercised at any time within ten (10) years commencing on and including the date of issuance of the Warrants and shall end at 5.00 p.m. on the date preceding the tenth (10th) anniversary of the date of issuance, or if such date is not a market day, then it shall be the market day immediately preceding the said non-market day.
Tradability and Board Lot	: The Warrants are tradeable upon listing and for purposes of trading on Bursa Securities, one (1) board lot of Warrants shall comprise 100 Warrants carrying rights to subscribe for 100 new AsiaBio Shares at any time during the exercise period or such denomination as permitted by Bursa Securities.
Ranking of new AsiaBio Shares to be issued pursuant to the exercise of the Warrants	: The new AsiaBio Shares to be issued arising from the exercise of the Warrants will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing AsiaBio Shares except that they shall not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is prior to the date of allotment of the new AsiaBio Shares to be issued arising from the exercise of the Warrants.
Listing	: An application will be made for the listing of and quotation for the Warrants and new AsiaBio Shares arising from the exercise of the Warrants on the ACE Market of Bursa Securities.
Rights of Warrants	: The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the new AsiaBio Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of securities in the Company until and unless such holders of the Warrants exercise their Warrants into new AsiaBio Shares.

Adjustment to the Exercise Price and Number of Warrants	: The exercise price and/or the number of unexercised Warrants shall be adjusted in the event of alteration to the share capital, capital distribution or issue of shares in accordance with the provisions of the Deed Poll.
Rights in the event of winding up, liquidation, compromise and/or arrangement	: 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 one or more companies, then: <ul style="list-style-type: none"> (a) 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 (b) in any other case, every Warrant holder will be entitled 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.
Governing Law	: Laws and regulations of Malaysia.

2.7 Utilisation of the Proceeds

Based on the issue price of RM0.10 per Rights Share, the Proposed Rights Issue with Warrants is expected to raise aggregate gross proceeds of RM5,000,000 (under the Minimum Scenario) and RM42,020,000 (under the Maximum Scenario). The proceeds are proposed to be utilised in the following manner:

Details	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for utilisation of proceeds from the date of listing of the Rights Shares
Technology incubator fund ⁽¹⁾	4,000	41,020	Within 36 months
Working capital for AsiaBio Group ⁽²⁾	500	500	Within 36 months
Expenses relating to the Proposed Rights Issue with Warrants ⁽³⁾	500	500	Within 3 months
Total	5,000	42,020	

Notes:

- (1) To be utilised for AsiaBio's technology incubation fund which is the core business of AsiaBio. The fund provides for future investments, as well as activities relating to the nurturing and assisting incubatees and will include but not limited to providing financing, value added services, infrastructure and other support services.*
- (2) To be utilised to meet the Group's working capital requirements such as operating expenses, overhead expenses and other payables. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore has not been determined at this juncture.*
- (3) In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised as working capital for AsiaBio Group.*

Based on the exercise price of RM0.10 per Warrant, the Company will raise gross proceeds of between RM5,000,000 (under the Minimum Scenario) and RM42,020,000 (under the Maximum Scenario) from the full exercise of the Warrants. Any proceeds arising from the exercise of the Warrants in the future shall be utilised for capital expenditure, investment opportunities and/or working capital of the AsiaBio Group. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation has not been determined.

3.0 RATIONALE FOR PROPOSED RIGHTS ISSUE WITH WARRANTS

The rationale of the Proposed Rights Issue with Warrants is as follows:

- (a) The Proposed Rights Issue with Warrants will enable AsiaBio to raise its required technology incubation fund and funds for working capital purposes of the Group without incurring additional interest cost which would arise if the Group were to borrow to fund the aforesaid purposes. It will also serve to increase the capitalisation of the Company, thus strengthening the financial position and profile of AsiaBio as a technology incubator;
- (b) The Proposed Rights Issue with Warrants will also provide an opportunity for the existing shareholders to increase their equity participation in the Company and to benefit from the growth of the Group's current and future investments. The Subscription Undertaking from CPE allows the substantial shareholder to extend its support to the Proposed Rights Issue with Warrants which will facilitate the Company to raise the necessary funds for the purpose as mentioned in Section 2.7 above;
- (c) 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, to enable the Entitled Shareholders to benefit from the future growth of the Group and any potential capital appreciation from the market prices of the Warrants;
- (d) The Proposed Rights Issue with Warrants will involve the issuance of new AsiaBio Shares without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements; and
- (e) The Proposed Rights Issue with Warrants will also provide the Company with additional capital when the Warrants are exercised in the future. The exercise of the Warrants will allow the Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest.

4.0 EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

4.1 Share capital

The effects of the Proposed Rights Issue with Warrants on the issued and paid-up share capital of AsiaBio are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of AsiaBio Shares ('000)	Share Capital (RM'000)	No. of AsiaBio Shares ('000)	Share Capital (RM'000)
Existing issued and paid-up share capital	420,200	42,020	420,200	42,020
New AsiaBio Shares to be issued pursuant to the Proposed Rights Issue with Warrants	50,000	5,000	420,200	42,020
Upon completion of the Proposed Rights Issue with Warrants	470,200	47,020	840,400	84,040
New AsiaBio Shares to be issued assuming full exercise of the Warrants	50,000	5,000	420,200	42,020
Enlarged issued and paid-up share capital	520,200	52,020	1,260,600	126,060

4.2 Earnings and earnings per share

The Proposed Rights Issue with Warrants is not expected to have any material effect on AsiaBio's consolidated earnings for the current financial year ending 31 January 2014.

The Proposed Rights Issue with Warrants is expected to contribute to the future earnings of the Group due to the availability of additional funds for investment and working capital to the Group.

4.3 Convertible securities

The Company does not have any outstanding convertible securities as at the date of this announcement.

4.4 Net assets ("NA") and gearing

The proforma effects of the Proposed Rights Issue with Warrants on the NA and NA per share based on the audited consolidated financial statements of AsiaBio for the FYE 2013 are as follows:

Minimum Scenario

	Audited as at FYE 31 January 2013 RM'000	(I) After the Private Placement ⁽¹⁾ RM'000	(II) After (I) and the Proposed Rights Issue with Warrants RM'000	(III) After (II) and assuming full exercise of the Warrants RM'000
Share capital	38,200	42,020	47,020	52,020
Warrant reserves	-	-	⁽²⁾ 2,000	-
Discount on shares	-	-	(2,000)	-
Accumulated losses	(17,904)	(17,904)	⁽³⁾ (18,404)	(18,404)
Total equity attributable to owners of the company	20,296	24,116	28,616	33,616
Non-controlling interest	110	110	110	110
Total equity	20,406	24,226	28,726	33,726
No. of Shares in issue ('000)	382,000	420,200	470,200	520,200
NA per Share (sen)	5.31	5.74	6.09	6.46
Total Borrowings	-	-	-	-
Gearing (times)	-	-	-	-

Maximum Scenario

	Audited as at FYE 31 January 2013 RM'000	(I) After the Private Placement ⁽¹⁾ RM'000	(II) After (I) and the Proposed Rights Issue with Warrants RM'000	(III) After (II) and assuming full exercise of the Warrants RM'000
Share capital	38,200	42,020	84,040	126,060
Warrant reserves	-	-	⁽²⁾ 16,808	-
Discount on shares	-	-	(16,808)	-
Accumulated losses	(17,904)	(17,904)	⁽³⁾ (18,404)	(18,404)
Total equity attributable to owners of the company	20,296	24,116	65,636	107,656
Non-controlling interest	110	110	110	110
Total equity	20,406	24,226	65,746	107,766
No. of Shares in issue ('000)	382,000	420,200	840,400	1,260,600
NA per Share (sen)	5.31	5.74	7.81	8.54
Total Borrowings	-	-	-	-
Gearing (times)	-	-	-	-

Notes:

- (1) Private placement of 38,200,000 new ordinary shares which was completed on 19 June 2013.
- (2) Based on the estimated fair value of the Warrants of RM0.04 each.
- (3) After deducting estimated expenses in relation to the Proposed Rights Issue with Warrants of RM500,000.

4.5 Substantial shareholders' shareholding

The effect of the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders of AsiaBio is set out below:

Minimum Scenario (Pursuant to the Subscription Undertaking and assuming none of the other Entitled Shareholders subscribe for the Proposed Rights Issue with Warrants)

	(I) As at the date of this announcement				(II) After the Proposed Rights Issue with Warrants				(III) After (II) and assuming all Warrants are exercised			
	←--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})	%
China Private Equity Investment Holdings Limited	-	-	⁽¹⁾ 50,000	11.90	-	-	⁽¹⁾ 100,000	21.27	-	-	⁽¹⁾ 150,000	28.84
CPE	50,000	11.90	-	-	100,000	21.27	-	-	150,000	28.84	-	-
Looi Kem Loong	*	-	⁽²⁾ 30,704	7.31	*	-	⁽²⁾ 30,704	6.53	*	-	⁽²⁾ 30,704	5.90
Acritaz Holdings Sdn Bhd	25,077	5.97	-	-	25,077	5.33	-	-	25,077	4.82	-	-
The Goldman Sachs Group, Inc.	-	-	⁽³⁾ 27,336	6.51	-	-	⁽³⁾ 27,336	5.81	-	-	⁽³⁾ 27,336	5.26

Maximum Scenario (Assuming all Entitled Shareholders subscribe for the Proposed Rights Issue with Warrants in full)

	(I) As at the date of this announcement				(II) After the Proposed Rights Issue with Warrants				(III) After (II) and assuming all Warrants are exercised			
	←--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})	%
China Private Equity Investment Holdings Limited	-	-	⁽¹⁾ 50,000	11.90	-	-	⁽¹⁾ 100,000	11.90	-	-	⁽¹⁾ 150,000	11.90
CPE	50,000	11.90	-	-	100,000	11.90	-	-	150,000	11.90	-	-
Looi Kem Loong	*	-	⁽²⁾ 30,704	7.31	1	-	⁽²⁾ 61,408	7.31	2	-	⁽²⁾ 92,112	7.31
Acritaz Holdings Sdn Bhd	25,077	5.97	-	-	50,154	5.97	-	-	75,231	5.97	-	-
The Goldman Sachs Group, Inc.	-	-	⁽³⁾ 27,336	6.51	-	-	⁽³⁾ 54,672	6.51	-	-	⁽³⁾ 82,008	6.51

Notes:

- * *Negligible direct shareholding of 733 Shares.*
- (1) *Deemed interest through CPE.*
- (2) *Deemed interested by virtue of his shareholdings in Acritaz Holdings Sdn Bhd and Platimas Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.*
- (3) *Indirect interest through shareholdings of Goldman Sachs International, a subsidiary of Goldman Sachs Holdings (U.K.), which is a subsidiary of Goldman Sachs Group Holdings (U.K.), which is in turn a subsidiary of Goldman Sachs (UK) L.L.C. The Goldman Sachs Group, Inc. is the direct holding company of Goldman Sachs (UK) L.L.C. and the ultimate holding company of the other aforementioned entities.*

5.0 APPROVALS REQUIRED

The Proposed Rights Issue with Warrants is subject to and conditional upon approvals being obtained from the following:

- (a) Bursa Securities for the following:
 - (i) listing of and quotation for up to 420,200,000 new AsiaBio Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
 - (ii) listing of and quotation for up to 420,200,000 new Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
 - (iii) listing of and quotation for up to 420,200,000 new AsiaBio Shares to be issued pursuant to the exercise of Warrants.
- (b) the shareholders of the Company at an extraordinary general meeting to be convened for the Proposed Rights Issue with Warrants; and
- (c) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue with Warrants is not conditional upon any other corporate proposal, if any.

6.0 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Rights Issue with Warrants is expected be completed in the fourth quarter of 2013.

7.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and major shareholders of the Company and/or persons connected to them, have any interest, either direct or indirect, in the Proposed Rights Issue with Warrants, apart from their respective entitlements as shareholders, if any, which is the same as all other shareholders of the Company.

Note: As disclosed in Section 2.5 above, CPE has given the Subscription Undertaking to subscribe for at least 50,000,000 Rights Shares.

8.0 DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Rights Issue with Warrants (including but not limited to the rationale and effects), is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of AsiaBio.

9.0 ADVISERS

M&A Securities has been appointed as the adviser to the Company for the Proposed Rights Issue with Warrants.

10.0 APPLICATIONS TO THE RELEVANT AUTHORITIES

The Board expects to submit the relevant applications to the authorities in relation to the Proposed Rights Issue with Warrants within two (2) months from the date of this announcement.

This announcement is dated 23 September 2013.