

Company Name : **ASIA BIOENERGY TECHNOLOGIES BERHAD (“ABT” or “the Company”)**
Description : **- MEMORANDUM OF INTENT BETWEEN ASIABIO PETROLEUM SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF ABT AND ACME CHEMICALS (MALAYSIA) SDN. BHD. AND SEJAHTERA BUMISAMA SDN. BHD.**

1.0 INTRODUCTION

The Board of Directors of ABT is pleased to announce that its wholly-owned subsidiary company, Asiabio Petroleum Sdn. Bhd. (“ABP”) has on 15 February 2017 enter into a Memorandum of Intent (“MOI”) with Acme Chemicals (Malaysia) Sdn. Bhd. (“ACME”) and Sejahtera Bumisama Sdn. Bhd. (“SBSB”) to cooperate and collaborate to set up an integrated chemical blending and warehousing facilities to be based in Bintulu to specifically target multi-national well service companies supplying oilfield chemicals to Oil & Gas companies operating in Malaysia, which may include production chemicals, well stimulation and cementing chemicals, and drilling fluids (“Toll Blending business”) and to establish collaboration and explore opportunities to develop, support, implement plans and undertake activities to establish the Toll Blending business that is beneficial to ABP, ACME and SBSB.

2.0 INFORMATION ON ACME AND SBSB

ACME, a private limited company having its business address at Lot 606, Persiaran Raja Lumu, Pandamaran Industrial Estate, 42000 Port Klang, Selangor Darul Ehsan, is principally a chemical blending and packing company with capabilities to offer complete chemical and engineering packages for a wide range of industries such as industrial and municipal water treatment, paint and coating, plastic and polymer, papermaking, as well as in the oil and gas industry such as petrochemicals.

SBSB, a private limited company having its business address at No. 3, Lorong Kingfisher Sulaman 2B, Taman Kingfisher Sulaman Phase 4, 88450 Kota Kinabalu, Sabah, is principally active in oilfield chemical supply, offshore, vessel management, renewable energy technologies and healthcare.

ABP, ACME and SBSB shall, hereinafter be collectively referred to as the “Parties” or individually as the “Party” as the case may be.

3.0 SALIENT TERMS

3.1 General area of cooperation and collaboration

The scope of cooperation and collaboration in the Toll Blending business shall include activities in the following areas:-

- (i) Set up and operation of a tripartite chemical blending and warehousing activities catering for the oil and gas industry in East Malaysia and Brunei;
- (ii) Provision of custom manufacturing of OEM chemicals and specialty additives commonly used in the oil and gas industry from well stimulation, cementing to production and drilling fluids to meet the requirements of contractors and operators in East Malaysia;
- (iii) Warehousing and logistics services for common chemicals and solvents
- (iv) Provision of decanting and repackaging services for oilfield chemicals;

(v) Quality Assurance/Quality Control laboratory services

The term of such mutual cooperation and necessary funding of each programme and activity enumerated above are not exhaustive and the parties may agree to include such other programmes or activities as may be necessary and identified later which shall be mutually discussed and agreed upon in writing by both parties prior to the initiation of the particular programme or activity and such shall be negotiated as required.

3.2 General investment & financing terms

The amount of investment required by the Toll Blending business is estimated to be not more than RM6 million.

ABP is considering investing in the Toll Blending business and/or actively assisting the Parties in sourcing for financing for the Toll Blending business in relation to areas mentioned in item 3.1.

The Parties are expected to contribute the investment required according to the ratio to be mutually agreed upon.

The Parties, prior to any execution of a Definitive Agreement, will be entitled to conduct and carry out a financial and technical due diligence review and investigation at its own cost on the Toll Blending business, its financial information and its technical representations.

3.3 Duration and termination

The MOI shall commence on the date of execution and shall remain in force for an initial duration of one (1) year and shall continue to remain in force by a written agreement between the Parties.

Each Party may terminate the MOI by giving three (3) months written notice in advance to the other Party. Upon termination, each Party shall return any documents retained by the same to its original owner accordingly.

3.4 Relationship between the Parties

Nothing contained in the MOI shall be construed so as to constitute a joint venture partnership or formal business organisation or any kind between the Parties or so to constitute either Party as the agent of the other.

3.5 Intellectual Property Rights

The intellectual property rights in respect of any technological development, and any products and services development, carried out:-

- i. jointly by the Parties of the new findings or research results obtained through the joint effort of the Parties, shall be jointly owned by the Parties in accordance with the terms to be mutually agreed upon; and
- ii. solely and separately by the party of the research results obtained through the sole and separate effort of the Party, shall be solely owned by the Party concerned as its own Proprietary Intellectual Property Rights.

4.0 RATIONALE

The objective of the MOI is to establish collaboration and explore opportunities to develop, support, implement plans and undertake activities to establish the Toll Blending business that is mutually beneficial to the Parties.

5.0 EFFECT OF THE MOI

The MOI is not expected to have any effect on the revenue, net assets, share capital and shareholdings structure of ABT.

6.0 DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of the Company and/or persons connected to them, has any interest, direct or indirect in this MOI.

7.0 DIRECTOR'S STATEMENT

The Board of Directors of ABT, having considered the rationale and terms of the MOI, is of the opinion that the MOI is in the best interest of the Company.

8.0 DOCUMENTS FOR INSPECTION

A copy of the MOI is available for inspection at the registered office of the Company located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during normal business hours on Mondays to Fridays (except Saturdays, Sundays and Public Holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 15 February 2017.