

## ASIA BIOENERGY TECHNOLOGIES BERHAD (“ABT” OR THE “COMPANY”)

### PROPOSED SHARE CONSOLIDATION

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#### 1. INTRODUCTION

On behalf of the Board of Directors of ABT (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**”) wishes to announce that the Company proposes to undertake a proposed consolidation of every 3 ordinary shares in ABT (“**ABT Shares**” or “**Shares**”) into 1 ABT Share (“**Consolidated Share**”) (“**Proposed Share Consolidation**”).

#### 2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

The Proposed Share Consolidation involves the consolidation of every 3 ABT Shares into 1 new ABT Share. As at 6 April 2017, being the latest practicable date prior to the date of this announcement (“**LPD**”), the issued share capital of the Company is RM55,669,130.00 comprising 1,113,382,600 ABT Shares. For illustration purposes, the 1,113,382,600 ABT Shares (assuming none of the outstanding Convertible Securities<sup>(1)</sup> are exercised into new Shares) will be consolidated into 371,127,533 Consolidated Shares pursuant to the Proposed Share Consolidation.

Note:-

(1) As at the LPD, the Company has 393,888,400 outstanding ABT warrants 2014/2024 (“**Warrants A**”) and 43,000,000 options granted under the Company’s share issuance scheme (“**SIS**”) (“**SIS Options**”) that are unexercised. The outstanding Warrants A and outstanding SIS Options are collectively referred to as the “**Convertible Securities**”.

The actual number of Consolidated Shares will be determined based on the issued share capital of the Company as at 5.00 p.m. on a date to be determined by the Board in their absolute discretion as they deem fit and announced later, in which the shareholders of the Company (“**Shareholders**”) who are registered in the Company’s record of depositors are entitled to the Consolidated Shares under the Proposed Share Consolidation (“**Books Closure Date**”), after taking into consideration any new ABT Shares that may be issued pursuant to the exercise of any outstanding Convertible Securities.

The Proposed Share Consolidation will result in an adjustment to the reference share price of ABT Shares listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). For illustration purposes, based on the last transacted market price of ABT Shares as at the LPD of RM0.06, the theoretical adjusted reference share price of ABT Shares upon completion of the Proposed Share Consolidation is as follows:-

	No. of Shares	Market / theoretical adjusted reference price per Share	<sup>(1)</sup> Total value
	‘000	RM	RM’000
As at the LPD	1,113,383	0.06 <i>(Last transacted market price as at the LPD)</i>	66,803
After the Proposed Share Consolidation	371,128	<sup>(2)</sup> 0.18 <i>(Theoretical adjusted reference share price after adjustment)</i>	66,803

Notes:-

(1) The total value was arrived at by multiplying the number of Shares with the market / theoretical adjusted reference price per Share.

(2) The theoretical adjusted reference share price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference share price} &= \text{Market price per Share (RM)} \times \frac{\text{Number of Shares as at the LPD ('000)}}{\text{Number of Shares after the Proposed Share Consolidation ('000)}} \\
 &= 0.06 \times \frac{1,113,383}{371,128} \\
 &= 0.18
 \end{aligned}$$

Following the above, the illustration based on shareholdings of 1,000 Shares is as follows:-

	Assumed no. of Shares	Market / theoretical adjusted reference price per Share RM	<sup>(1)</sup> Total value RM
As at the LPD	1,000	0.06 (Last transacted market price as at the LPD)	60
After the Proposed Share Consolidation	333	<sup>(2)</sup> 0.18 (Theoretical adjusted reference share price after adjustment)	60

Notes:-

(1) The total value was arrived at by multiplying the number of Shares with the market / theoretical adjusted reference price per Share.

(2) The theoretical adjusted reference share price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference share price} &= \text{Market price per Share (RM)} \times \frac{\text{Number of Shares as at the LPD}}{\text{Number of Shares after the Proposed Share Consolidation}} \\
 &= 0.06 \times \frac{1,000}{333} \\
 &= 0.18
 \end{aligned}$$

The Proposed Share Consolidation will also result in an adjustment to the reference price of existing Warrants A. For illustration purposes, based on the last transacted market price of Warrants A up to the LPD of RM0.03, the theoretical adjusted reference price of Warrants A upon completion of the Proposed Share Consolidation is set out in the following table.

	No. of Warrants A '000	Market / theoretical adjusted reference price per Warrant A RM	<sup>(1)</sup> Total value RM'000
As at the LPD	393,888	0.03 (Last transacted market price as at the LPD)	11,817
After the Proposed Share Consolidation	131,296	<sup>(2)</sup> 0.09 (Theoretical adjusted reference price after adjustment)	11,817

Notes:-

- (1) The total value was arrived at by multiplying the number of Warrants A with the market / theoretical adjusted reference price per Warrant A.
- (2) The theoretical adjusted reference price is arrived at based on the following formula:-

$$\begin{aligned} \text{Theoretical adjusted reference price} &= \text{Market price per Warrant A (RM)} \times \frac{\text{Number of Warrants A as at the LPD ('000)}}{\text{Number of Warrants A after the Proposed Share Consolidation ('000)}} \\ &= 0.03 \times \frac{393,888}{131,296} \\ &= 0.09 \end{aligned}$$

Based on the above illustration, the Proposed Share Consolidation will increase the reference price per ABT Share and Warrants A but it will not have any impact on the total market value of these securities held by Shareholders and holders of Warrants A respectively.

Fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

### **2.1 Ranking of the Consolidated Shares**

The Consolidated Shares shall rank *pari passu* in all respects with one another.

### **2.2 Suspension of trading of ABT Shares**

There will not be any suspension of trading of ABT Shares pursuant to the Proposed Share Consolidation.

### **2.3 Listing date and notices of allotment**

The Consolidated Shares will be listed and quoted on the ACE Market of Bursa Securities on the next market day after the Books Closure Date.

The notices of allotment will be issued and despatched to the entitled shareholders within 4 market days after the listing and quotation of the Consolidated Shares on the ACE Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

## **3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION**

The Board is of the view that the higher trading price of the Consolidated Share following the Proposed Share Consolidation may increase the profile of the Company amongst investors and lead to more attention by research houses and fund managers. This may in turn increase market interest and activity in the Consolidated Shares, and render the Consolidated Shares more attractive to investors.

As the Company has a large number of Shares in issue and a relatively low trading price range, the Board noted that a small movement in the Share price may result in high percentage movement in the Share price. The Proposed Share Consolidation would lead to a reduction in the number of Shares available in the market and may reduce the magnitude of fluctuation of the Company's market capitalisation.

Following the completion of the Proposed Share Consolidation, the theoretical market price of each Share will increase by 3 times and the total number of Shares in issue will be reduced by the corresponding ratio. Notwithstanding this, Shareholders should note that the Proposed Share Consolidation is not expected to alter the total value of the Consolidated Shares held by them. Further, as the Proposed Share Consolidation would lead to a reduction in the number of Shares available in the market, the Company will also benefit from easier management of smaller number of Shares.

#### 4. EFFECTS OF THE PROPOSED SHARE CONSOLIDATION

Minimum Scenario : Assuming none of the outstanding Convertible Securities are exercised prior to the Proposed Share Consolidation

Maximum Scenario : Assuming all the outstanding Convertible Securities are exercised prior to the Proposed Share Consolidation

##### 4.1 Share capital

The pro forma effects of the Proposed Share Consolidation on the issued share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	1,113,382,600	55,669,130.00	1,113,382,600	55,669,130.00
Arising from the exercise of the outstanding SIS Options granted	-	-	43,000,000	<sup>(1)</sup> 2,150,000.00
Arising from the conversion of all the outstanding Warrants A	-	-	393,888,400	<sup>(2)</sup> 39,388,840.00
Reversal of SIS Options reserve upon full exercise of the outstanding SIS Options	-	-	-	1,664,100.00
Reversal of Warrants A reserve upon full exercise of the outstanding Warrants A	-	-	-	333,452.00
Enlarged issued share capital	1,113,382,600	55,669,130.00	1,550,271,000	99,205,522.00
<b>Issued share capital after the Proposed Share Consolidation</b>	<b>371,127,533</b>	<b>55,669,130.00</b>	<b>516,757,000</b>	<b>99,205,522.00</b>

Notes:-

(1) Based on the option price of RM0.05 per SIS Option.

(2) Based on the exercise price of RM0.10 per Warrant A.

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## 4.2 Net assets (“NA”) and gearing

The pro forma effects of the Proposed Share Consolidation on the NA and gearing of the Company and its subsidiaries (“Group”) are as follows:-

### Minimum Scenario

Group level	Audited as at 31 March 2016  (RM'000)	(I) After adjusting for subsequent events <sup>(2)</sup>  (RM'000)	(II) After (I) and the Proposed Share Consolidation  (RM'000)
Share capital	86,671	55,669	55,669
Reserves <sup>(1)</sup>	(46,685)	(3,349)	<sup>(3)</sup> (3,649)
Shareholders' equity / NA	39,986	52,320	52,020
Non-controlling interest	(1,537)	(1,537)	(1,537)
<b>Total equity</b>	<b>38,449</b>	<b>50,783</b>	<b>50,483</b>
No. of Shares in issue ('000)	866,712	1,113,383	371,128
NA per Share (RM)	0.05	0.05	0.14
Total borrowings (RM'000)	-	-	-
Gearing ratio (times)	-	-	-

#### Notes:-

(1) Reserves include share premium, warrants reserve, share option reserve and accumulated losses or retained profits.

(2) After adjusting for the following:-

- (i) par value reduction of the Company completed on 21 April 2016, involving the cancellation of RM0.05 from the then existing par value of RM0.10 each of the Company (“**Previous Par Value Reduction**”);
- (ii) private placement exercise of the Company completed on 1 June 2016, involving the issuance of 86,671,000 Shares at an issue price of RM0.05 each;
- (iii) a total of 203,000,000 SIS Options granted to eligible employees from 5 October 2016 to 4 April 2017; and
- (iv) issuance of new 160,000,000 Shares at an issue price of RM0.05 pursuant to the exercise of 160,000,000 SIS options granted from 27 October 2016 to 29 March 2017.

(3) After deducting estimated expenses incidental to the Proposed Share Consolidation of approximately RM300,000.

## Maximum Scenario

<b>Group level</b>	<b>Audited as at 31 March 2016</b>	<b>(I) After adjusting for subsequent events<sup>(2)</sup></b>	<b>(II) After (I) and assuming full granting and/or exercise of Convertible Securities<sup>(3)</sup></b>	<b>(III) After (II) and the Proposed Share Consolidation</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Share capital	86,671	55,669	99,206	99,206
Reserves <sup>(1)</sup>	(46,685)	(3,349)	(5,347)	<sup>(4)</sup> (5,647)
Shareholders' equity / NA	39,986	52,320	93,859	93,559
Non-controlling interest	(1,537)	(1,537)	(1,537)	(1,537)
<b>Total equity</b>	<b>38,449</b>	<b>50,783</b>	<b>92,322</b>	<b>92,022</b>
No. of Shares in issue ('000)	866,712	1,113,383	1,550,271	516,757
NA per Share (RM)	0.05	0.05	0.06	0.18
Total borrowings (RM'000)	-	-	-	-
Gearing ratio (times)	-	-	-	-

### Notes:-

(1) Reserves include share premium, warrants reserve, share option reserve and accumulated losses or retained profits.

(2) After adjusting for the following:-

(i) Previous Par Value Reduction;

(ii) private placement exercise of the Company completed on 1 June 2016, involving the issuance of 86,671,000 Shares at an issue price of RM0.05 each;

(iii) a total of 203,000,000 SIS Options granted to eligible employees from 5 October 2016 to 4 April 2017; and

(iv) issuance of new 160,000,000 Shares at an issue price of RM0.05 pursuant to the exercise of 160,000,000 SIS options granted from 27 October 2016 to 29 March 2017.

(3) Assuming all the outstanding Convertible Securities are exercised into new Shares as follows:-

(i) 393,888,400 Warrants A outstanding are exercised at the exercise price of RM0.10 per Warrant A; and

(ii) 43,000,000 SIS Options granted on 4 April 2017 are exercised at an option price of RM0.05 per SIS Option;

(4) After deducting estimated expenses incidental to the Proposed Share Consolidation of approximately RM300,000.

### 4.3 Substantial Shareholders' shareholdings

The Proposed Share Consolidation will not have any effect on the percentage of the substantial Shareholders' shareholdings in the Company. However, the number of Shares held by the substantial Shareholders in the Company will reduce proportionately as a result of the Proposed Share Consolidation. The substantial shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Proposed Share Consolidation on their shareholdings are as follows:-

#### Minimum Scenario

Substantial Shareholders	As at the LPD				After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(3)</sup> %	No. of Shares	<sup>(3)</sup> %
CPE Growth Capital Limited	93,500,000	8.40	-	-	31,166,666	8.40	-	-
Adamas Finance Asia Limited	-	-	<sup>(2)</sup> 50,000,000	<sup>(2)</sup> 4.49	-	-	<sup>(2)</sup> 16,666,666	<sup>(2)</sup> 4.49
Pelaburan MARA Berhad	84,000,000	7.54	-	-	28,000,000	7.54	-	-

Notes:-

- (1) Based on the issued share capital of 1,113,382,600 Shares.  
(2) Deemed interest by virtue of the shareholdings in CPE Growth Capital Limited.  
(3) Based on the issued share capital of 371,127,533 Consolidated Shares.

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**Maximum Scenario**

Substantial Shareholders	As at the LPD				(I) Assuming full exercise of Convertible Securities				(II) After (I) and after the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
CPE Growth Capital Limited	93,500,000	8.40	-	-	93,500,000	6.03	-	-	31,166,666	6.03	-	-
Adamas Finance Asia Limited	-	-	<sup>(2)</sup> 50,000,000	<sup>(2)</sup> 4.49	-	-	<sup>(2)</sup> 50,000,000	<sup>(2)</sup> 3.23	-	-	<sup>(2)</sup> 16,666,666	<sup>(2)</sup> 3.23
Pelaburan MARA Berhad	84,000,000	7.54	-	-	84,000,000	5.42	-	-	28,000,000	5.42	-	-

**Notes:-**

- (1) Based on the issued share capital of 1,113,382,600 Shares.  
(2) Deemed interest by virtue of the shareholdings in CPE Growth Capital Limited.  
(3) Based on the enlarged issued share capital of 1,550,271,000 Shares.  
(4) Based on the issued share capital of 516,757,000 Consolidated Shares.

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#### **4.4 Earnings and earnings per Share (“EPS”)**

The Proposed Share Consolidation will not have any effect on the consolidated earnings of the Group for the FYE 31 March 2018. The lower number of ABT Shares in issue upon completion of the Proposed Share Consolidation will result in a corresponding increase in the EPS of the Group.

#### **4.5 Convertible securities**

Save for the outstanding SIS Options and Warrants A, the Company does not have any other outstanding convertible securities as at the LPD.

##### **4.5.1 SIS Options**

As at the LPD, there are 43,000,000 SIS Options which have been granted but unexercised.

Consequential to the Proposed Share Consolidation, the option price and/or number of SIS Options which have been granted but not exercised prior to the Books Closure Date may be adjusted in accordance with the provisions of the By-Laws to ensure that the status of SIS Option holders is not prejudiced as a result of the Proposed Share Consolidation.

##### **4.5.2 Warrants A**

As at the LPD, there are 393,888,400 outstanding Warrants A in the Company.

Consequential to the Proposed Share Consolidation, the exercise price and/or number of Warrants A which are not exercised prior to the Books Closure Date will be adjusted in accordance with the provisions of the deed poll constituting the Warrants A to ensure that the status of the holders of Warrants A is not prejudiced as a result of the Proposed Share Consolidation.

Such adjustments will only be finalised on the Books Closure Date and will be effective on the next market day after the Books Closure Date. The holders of the existing Warrants A will be officially notified in due course on the effective adjustments arising from the Proposed Share Consolidation.

#### **5. TENTATIVE TIMELINE**

Subject to all relevant approvals being obtained, the Proposed Share Consolidation is expected to be completed by the second quarter of 2017.

#### **6. APPROVALS REQUIRED**

The Proposed Share Consolidation is subject to approvals being obtained from the following:-

- (i) Bursa Securities for the Proposed Share Consolidation; and
- (ii) Shareholders at an extraordinary general meeting to be convened for the Proposed Share Consolidation.

#### **7. INTER-CONDITIONALITY**

The Proposed Share Consolidation is not conditional upon any other corporate exercise / scheme undertaken or to be undertaken by the Company.

**8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors of the Company, major Shareholders and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Share Consolidation.

**9. DIRECTORS' STATEMENT**

The Board, having duly considered all aspects of the Proposed Share Consolidation, including but not limited to the rationale and effects of the Proposed Share Consolidation, is of the opinion that the Proposed Share Consolidation is in the best interests of the Company.

**10. APPLICATION TO THE AUTHORITIES**

The application in relation to the Proposed Share Consolidation will be submitted within 1 week from the date of this announcement.

**11. ADVISER**

Mercury Securities has been appointed by the Company to act as the Principal Adviser in relation to the Proposed Share Consolidation.

This announcement is dated 17 April 2017.