

Company Name : **ASIA BIOENERGY TECHNOLOGIES BERHAD (“ABT” or “the Company”)**

Description : **SUBSCRIPTION OF RIGHTS AND EXCESS SHARES OF MLABS SYSTEMS BERHAD (“MLABS”) PURSUANT TO RULE 9.19(26) AND RULE 10.06 OF THE ACE MARKET LISTING REQUIREMENTS**

1. INTRODUCTION

The Board of Directors of Asia Bioenergy Technologies Berhad (“ABT” or “the Company”) wishes to announce that its wholly-owned subsidiary, Asiabio Capital Sdn. Bhd. has on 15 September 2017 acquired 75,100,000 shares of Mlabs Systems Berhad (“MLABS”) via the subscription of the rights and excess shares of MLABS at an issue price of RM0.15 each (“Shares”), representing 13.16% equity interest in MLABS, for a total cash consideration of RM11,265,000 (“Consideration”). Pursuant to the acquisition, Asiabio Capital Sdn. Bhd. will also be issued 37,550,000 free Warrants B of MLABS.

2. DETAILS OF THE SUBSCRIPTION

2.1 Information on MLABS

MLABS was incorporated in 1997 and is presently listed on ACE Market of Bursa Malaysia Securities Berhad in August 2005. MLABS Group is principally involved in investment holding, research and development in multimedia video conferencing system, assembling and trading of multimedia video conferencing systems and equipment, provision of mobile application solutions and trading of white goods such as kitchen equipment and appliances.

Based on the latest audited accounts for the financial year ended 31 March 2017, its net assets and comprehensive loss after tax are RM4,796,023 and RM368,914 respectively.

2.2 Basis of Arriving at the Consideration

The Consideration is based on issue price of RM0.15 per the rights shares of MLABS as fixed on 16 May 2017 after taking into consideration, amongst others, the following:-

- (i) the theoretical ex-rights price (TERP) of MLABS Shares of RM0.1637 calculated based on the five (5)-day VWAP of MLABS Shares up to and including 26 July 2017, being the last trading day before the price-fixing date of the Rights Shares and Warrants B on 27 July 2017 of RM0.2047; and
- (ii) the historical share price and volatility of MLABS Shares.

The issue price represents a discount of approximately 8.37% to the aforementioned TERP.

2.3 Funding for the Subscription

The Consideration paid for the Subscription was funded entirely from internally generated funds of the Company.

2.4 Liabilities to be Assumed

There are no liabilities, including contingent liabilities and guarantees to be assumed by ABT, arising from the Subscription.

3. RATIONALE AND PROSPECTS

The Subscription is part of ABT Group's decision to invest in quoted securities that have growth prospect. ABT Group is optimistic that the Subscription will provide a positive return in the near term given MLABS's plans to develop and market a mobile application that has multipoint voice call features that enable multi-users to join audio and video conferences remotely, and enable users to send secured texts and access to voice calls via the application. This will complement MLABS's core business and enhances the marketability of its videoconferencing products via capitalizing on the growing trend of video and audio conferencing over mobile technologies.

4. RISK FACTORS

Save for the normal business and global economic risk, the Board of Directors of ABT is not aware of any other risk factors which may arise as a result of the Subscription.

5. FINANCIAL EFFECTS OF THE SUBSCRIPTION

The Subscription is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and the substantial shareholders' shareholdings of ABT Group for the financial year ending 31 March 2018.

6. APPROVAL REQUIRED

The Subscription is not subject to any approvals being obtained by ABT.

7. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders and/or any person connected to the Directors and/or major shareholders of ABT has any interest, either direct or indirect in the Subscription except for Mr. Ong Tee Kein, who is also a director of MLABS.

8. DIRECTORS' STATEMENT

The Board of Directors of ABT, with the exception of Mr. Ong Tee Kein who has abstained from the deliberation and voting on the matter, having considered all aspects of the Subscription is of the opinion that the Subscription is in the best interest of the ABT Group.

9. PERCENTAGE RATIO

The highest percentage ratio applicable to the Subscription pursuant to Rule 10.02 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad is 21.25% based on the latest audited financial statements of ABT as at 31 March 2017.

This announcement is dated 15 September 2017.