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General Announcement

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(Submitted)

PROPOSED JOINT VENTURE BETWEEN ASIATIC CENTRE FOR GENOME TECHNOLOGY SDN BHD (FORMERLY KNOWN AS COSMO-LOTUS SDN BHD), A WHOLLY OWNED SUBSIDIARY OF ASIATIC DEVELOPMENT BERHAD, AND SYNTHETIC GENOMICS INC.

1. INTRODUCTION

The Board of Directors of Asiatic Development Berhad ("Asiatic" or the "Company") is pleased to announce that on 28 February 2007, Asiatic Centre for Genome Technology Sdn Bhd ("ACGT") (formerly known as Cosmo-Lotus Sdn Bhd), a wholly owned subsidiary of Asiatic, had entered into a Joint Venture Formation Agreement with Synthetic Genomics Inc. ("SGI") for research and development relating to the use of genomics-based techniques and other methods or tools thereof to increase the yield and profit stream principally from oil palm (the "Proposed Joint Venture").

2. DETAILS OF THE PROPOSED JOINT VENTURE

2.1 Information on the Joint Venture Entity

Under the Joint Venture Formation Agreement, a joint venture entity equally owned by ACGT and SGI (individually to be known as the "JV Party" and collectively to be known as the "JV Parties") incorporated in a jurisdiction to be determined and agreed upon by the JV Parties will be formed (the "JV Entity").

The JV Parties will subscribe to equity share capital of the JV Entity of which the issued and paid up share capital of the JV Entity would be USD100,000.

2.2 Salient terms of the Joint Venture Formation Agreement

2.2.1 Principal Activities

The JV Entity will be set up to carry out research and development activities on the use of genomics-based techniques and other methods or tools to increase the yield and profit stream from principally oil palm (the "Subject Plants") and thereafter to commercially exploit such products, processes and methods relating to the Subject Plants arising from the research and development activities. It will initially focus on developing and commercialising genomics-based solutions for increasing the productivity and enhancing value creation from oil palm.

2.2.2 Board Representation

The number of directors to be appointed to the Board of Directors of the JV Entity will be in proportion to equity interest in the JV Entity.

2.2.3 Research and Development Committee

A Research and Development Committee will be set up and represented by representatives from ACGT and SGI in equal number to manage the business and affairs of the JV Entity.

2.2.4 Funding

ACGT will provide funding for the JV to undertake research and development activities whilst SGI will make available its research expertise and capacity in genomics. ACGT has the right to terminate the funding for the research and development contract on twelve (12) months' prior written notice.

2.2.5 Intellectual Property ("IP")

All the IP arising from the research and development activities undertaken by the JV Entity will be owned by the JV Entity.

2.2.6 Exclusive Agent and Sole Licensee

ACGT will serve as the exclusive agent and sole licensee of the JV Entity on a worldwide basis with respect to the commercialisation, marketing and sale of all products, processes and method that incorporate or embody any IP arising from the research and development activities undertaken by the JV Entity.

2.2.7 Conditions Precedent

The Proposed Joint Venture is subject to the following conditions precedent:

- i. all representations and warranties provided by both ACGT and SGI are true and correct in all material aspects;
- ii. both ACGT and SGI have performed all covenants and obligations required under the Joint Venture Formation Agreement;
- iii. ACGT to receive a certificate from SGI and vice-versa certifying the fulfillment of conditions (i) and (ii) above;
- iv. all consents, novations and/or waivers from third parties, on reasonably satisfactory terms, that are necessary to consummate the transactions have been received;

- v. both ACGT and SGI have received all regulatory licences, permits, approvals, consents and others in order to consummate the Proposed Joint Venture;
- vi. there shall be no material adverse change with respect to both ACGT and SGI at the date of the Joint Venture Formation Agreement;
- vii. there are no preliminary or permanent injunction that prohibits the consummation of the Proposed Joint Venture;
- viii. ACGT is to deliver to SGI its unaudited balance sheet as of September 30 2006 and the unaudited statement of income, cash flow and shareholders' equity for the period then ended; and
- ix. Asiatic is to provide a letter of comfort assuring SGI that it will use its commercially reasonable efforts to provide financial and operating support to ACGT.

2.3 Information on ACGT

ACGT was incorporated in Malaysia on 20 March 2006 under the Companies Act, 1965. The present authorised share capital of ACGT is RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each, of which 35,000,000 ordinary shares have been issued and are fully paid-up.

ACGT is set up as a centre of excellence in genomic science that focuses on the application of genome technology to the improvement of oil palm and other crops. It was awarded the BioNexus Status by Malaysia Biotechnology Corporation Sdn Bhd on 22 November 2006. ACGT currently owns 2,165,134 shares or 4.9% equity interest in SGI.

ACGT will enter into a Technical Assistance Agreement for a period of 3 years with J. Craig Venter Institute ("JCVI") for transfer of technology from JCVI to ACGT. JCVI, a world-class genomic centre of excellence, was founded by Dr J. Craig Venter ("Dr Venter") and is dedicated to the advancement of the science of genomics.

2.4 Information on SGI

SGI was incorporated on 16 February 2005 under the laws of State of Delaware, USA. The present authorised share capital is USD310,000 comprising 105,000,000 shares of common stock of USD0.002 each and 50,000,000 shares of preferred stock of USD0.002 each, of which 18,032,500 common shares and 16,489,747 preferred shares have been issued and are fully paid-up.

SGI's principal activities are to develop and commercialise synthetic genomics for the production of clean, sustainable energy. SGI is applying new scientific advances, including newly discovered genetic sequences of novel photosynthetic and metabolic pathways, to produce tailored organisms designed to generate power on an industrial scale. SGI's research team is dedicated to developing a synthetic chromosome, and eventually a synthetic cell, enabling optimized cellular function for development of alternative fuel sources.

Dr Venter, the largest individual shareholder of SGI, is regarded as one of leading scientists of the 21st century for his invaluable contributions in genomic research, most notably for the sequence and analysis of the human genome. He is also the CEO and the Co-Chief Scientific Officer of SGI.

3. INDUSTRY PROSPECTS

3.1 The Oil Palm Industry

The future prospects of the oil palm business are expected to be positive mainly due to the following reasons:

- the expected continued growth in the demand for edible oils in tandem with the increase in the worldwide population, which will be partly fulfilled by palm oil;
- the increasing share of palm oil in the edible oils market in view of its nutritional strength and health attributes;
- the viability of crude palm oil conversion to biodiesel underpinned by environmental benefits and depletion of fossil oil; and
- the competitiveness of palm oil in terms of yield and cost efficiency as compared to other edible oils.

3.2 The Biotechnology Industry

Despite the huge growth potential of the oil palm business and the important contribution to the agricultural sector and the Malaysian economy as a whole, it is acknowledged that the rapid expansion of oil palm cultivation in the country cannot be sustained, due to increasing scarcity of suitable agricultural land. In addition, the industry is also continuously facing other challenges, such as oil yield stagnation, increasing incidences of pests and diseases, and labour shortage. These problems, which effectively increase cost of production, are affecting the competitiveness of the palm oil industry in Malaysia.

The key to sustaining revenue from the oil palm industry is to produce planting materials that would increase yield and enhance value creation. This therefore opens up vast business opportunities in the biotechnology industry.

4. RATIONALE FOR THE PROPOSED JOINT VENTURE

Spurred by these challenges, the Proposed Joint Venture is in line with Asiatic Group's long term strategy for sustaining profit in oil palm business. ACGT would focus its research and development activities to develop and commercialise genomics-based solutions to produce improved planting materials that would increase yield and enhance value creation from oil palm. This would also contribute to the growth in the agriculture sector through innovations in biotechnology.

5. RISK FACTORS

The risks relating to the investments in the Proposed Joint Venture is generally exposed to:

i) Inherent business risks in the research and development activities

The Proposed Joint Venture is subject to uncertainties inherent to the biotechnology research and development activities which include, amongst others, high risks, high investment costs and long gestation period.

Even though the Asiatic Group is committed to the research and development activities, there is no assurance that these activities will lead to the successful introduction of new and improved products and solutions. The JV Entity may encounter problems in connection with its research and development efforts which may have a negative effect on the Asiatic Group's operating results.

ii) Changes in exchange rate

The investment cost in the Proposed Joint Venture is exposed to the fluctuation in the USD/RM exchange rate as the research and development activities are mainly carried out in USA.

iii) Changes in general economic, legislative, political and business conditions

The future performance of the JV Entity is subject to the economic, political, regulatory, taxation and environmental conditions in Malaysia and any other countries in which the JV Entity may operate. Changes to these conditions as well as other changes to the operating environment may adversely affect the performance of the JV Entity.

6. COMMENCEMENT OF OPERATIONS

The Proposed Joint Venture has yet to commence operations. Notwithstanding this, it is expected to commence operation upon formation of the JV Entity and thereafter the operations of the Proposed Joint Venture are expected to continue to be carried out perpetually.

7. SOURCE OF FUNDS

The source of funds for financing the subscription of shares in the equity share capital in the JV Entity, and the investment in the research and development activities in the Proposed Joint Venture will be from internally generated funds and/or external borrowings of the Asiatic Group.

8. FINANCIAL EFFECTS

8.1 Share Capital and Substantial Shareholders' Shareholding

The Proposed Joint Venture will not have any effect on the share capital or the substantial shareholders' shareholding in the Company.

8.2 Net Assets ("NA")

The Proposed Joint Venture will not have any material affect on the Asiatic Group's NA for the financial year ending 31 December 2007.

8.3 Gearing

The Proposed Joint Venture will not have any effect on the gearing of the Company.

8.4 Earnings

The Proposed Joint Venture will not have any material effect on the earnings of the Asiatic Group for the financial year ending 31 December 2007.

However, the Proposed Joint Venture is expected to contribute positively towards the earnings of the Group in the long-term after commercialisation of the JV Entity's products or services, barring unforeseen circumstances and the risk factors as described under Section 5 above.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Tan Sri Lim Kok Thay ("TSLKT") is the Joint Chief Executive and Director of Asiatic. By virtue of TSLKT being a beneficiary of a Trust which has 15% equity interest in SGI, he is deemed to have interest in the Proposed Joint Venture.

Save as disclosed above, none of the Directors and/or substantial shareholders of the Asiatic Group and persons connected to them, have any interest, either directly or indirectly, in the Proposed Joint Venture.

10. DIRECTORS' RECOMMENDATION

The Directors, excluding TSLKT who abstained due to his interest in the Proposed Joint Venture, after careful deliberation, are of the opinion that the Proposed Joint Venture is in the best interest of the Company.

11. ESTIMATED TIME FRAME FOR COMPLETION

The JV Entity is expected to be formed on or before 31 March 2007 upon which details of the JV Entity will be announced.

12. COMPLIANCE WITH SECURITIES COMMISSION ("SC") GUIDELINES

The Proposed Joint Venture is in compliance with and there has been no departure from the Policies and Guidelines on Issue/Offer of Securities by the SC.

13. APPROVALS REQUIRED

Save as stated under Section 2.2.7 above, the Proposed Joint Venture is not subject to any other approvals including approval from shareholders of the Company.

14. DOCUMENTS FOR INSPECTION

The Joint Venture Formation Agreement will be available for inspection at the registered office of the Company during normal office hours on any working day for a period of three (3) months commencing from the date of this announcement.

**TAN SRI MOHD AMIN BIN OSMAN
CHAIRMAN
ASIATIC DEVELOPMENT BERHAD**