

**Subject: M3 Technologies (Asia) Berhad (“M3Tech” or “the Company”)
Proposed share buy-back by the Company of its own shares of up to
10% of the total issued and paid-up ordinary share capital of M3Tech**

1. INTRODUCTION

The Board of Directors of M3Tech (“the Board”) wishes to announce that the Company proposes to seek shareholders’ approval at an extraordinary general meeting (“EGM”) to be convened for the authority to purchase its own ordinary shares of RM0.10 each (“Shares”) of up to a maximum of ten per centum (10%) of its issued and paid-up ordinary share capital (“Proposed Share Buy-Back”) as at the point of purchase.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

2.1 The Board proposes to seek the approval of the Company’s shareholders for the Proposed Share Buy-Back subject to the compliance with relevant provisions under the Companies Act 1965, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the Mesdaq Market (“MMLR”) and any prevailing laws, guidelines, rules and regulations issued by the relevant authorities, to buy-back and/or hold such amount of Shares in the Company provided that:

- i. the aggregate number of Shares bought-back and/or held does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;
- ii. the maximum amount to be allocated for the Proposed Share buy-Back must not exceed the retained profits and the share premium account of the Company; and
- iii. the Shares purchased are to be treated in either of the following manners:-
 - cancel the Shares purchased; or
 - retain the Shares purchased as treasury shares; or
 - retain part of the Shares purchased as treasury shares and cancel the remainder.

The treasury shares held by the Company may be distributed as dividends to the shareholders and/or resold on Bursa Securities and/or subsequently cancelled.

In the event that the Shares purchased are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution and otherwise suspended and the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

2.2 The Proposed Share Buy-Back, once approved by the shareholders, shall be effective from the date of passing of the ordinary resolution at the EGM to be convened until:

- i. the conclusion of the first annual general meeting (“**AGM**”) following the EGM at which the ordinary resolution was passed at, which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- ii. the passing of the date of which the next AGM is required by law to be held; or
- iii. the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

2.3 The funding of the Proposed Share Buy-Back will be from internally generated funds and/or borrowings and the amount allocated must not exceed the aggregate amount of the Company’s retained profits and/or share premium account.

2.4 Pursuant to the MMLR, M3Tech may purchase its own at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Shares for the five (5) market days immediately prior to the purchase.

2.5 M3Tech may only resell its treasury shares on Bursa Securities at:-

- i. a price which is not less than the weighted average market price of the Shares for the five (5) market days immediately prior to the resale; or
- ii. a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the five (5) market days immediately prior to the resale provided that:-
 - the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - the resale price is not less than the cost of purchase of the Shares being resold.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

- 3.1 The Proposed Share Buy-Back is intended to enable the Company to utilize any of its surplus financial resources which is not immediately required for other uses, to purchase its own shares from the market. The Company will be able to purchase its own shares when the shares are being traded at values that are grossly below what the Board believes to be their intrinsic value. This will enable the prices of M3Tech's shares traded on the Bursa Securities to be stabilized and therefore better reflect its fundamentals.
- 3.2 If the Shares purchased are subsequently cancelled, the earning per share ("EPS") of M3Tech may strengthen and if so, it is expected to benefit the shareholders of the Company.
- 3.3 If the Shares purchased are held as treasury shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves. Should the treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. EFFECTS OF THE PROPOSED SHARE BUY-BACK

4.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued and paid-up ordinary share capital of the Company will depend on the Board's decision with regards to the purchased Shares.

In the event that the Shares purchased by the Company are subsequently cancelled, the Proposed Share Buy-Back will result in the reduction of the issued and paid-up ordinary share capital of the Company as set out in **Table I**.

However, if the purchased Shares are held as treasury shares, resold or distributed to shareholders, the Proposed Share Buy-Back will not have any effect on the issued and paid-up ordinary share capital of the Company.

4.2 Earnings

The effects of the Proposed Share Buy-Back on the EPS of M3Tech and its subsidiaries ("the Group") will depend on, inter alia, the number of Shares purchased and the purchase price for such Shares, the effective funding cost to finance the purchase of the Shares or any loss in interest income to the Group.

In the event that any of the Shares purchased that are retained as treasury shares and subsequent sold, the effects on the earnings of the

Group will depend on the actual selling price, the number of treasury shares resold and the effective gain.

If the Shares purchased are cancelled, the Proposed Share Buy-Back will have a positive effect on the EPS of the Group.

4.3 Net assets (“NA”)

The effects of the Proposed Share Buy-Back on the NA of the Group will depend on the number of shares purchased, the purchase price for such Shares and the treatment of the Shares so purchased.

The Shares purchased pursuant to the Proposed Share Buy-Back, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per share of the Group will decrease if the purchase price exceeds the NA per share of the Group at the relevant point in time. However, if the purchase price is below the NA per share of the Group at the relevant point in time, the NA per share of the Group will increase.

If the Shares purchased are treated as treasury shares and subsequently resold on Bursa Securities, the Group’s NA per share upon the resale will increase if the Group realizes a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the Group’s NA will decrease by the cost of the treasury shares at the point of purchase.

4.4 Gearing

The effect of the Proposed Share Buy-Back on the gearing of the Group will depend on the proportion of borrowings used to fund the purchase of shares. The utilization of any borrowings to fund the Proposed Share Buy-Back will serve to increase the gearing of the Group.

4.5 Directors’ and Substantial Shareholders’ shareholdings

The effects of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of M3Tech, assuming the Shares are purchased from Shareholders other than the Directors and Substantial Shareholders of M3Tech, are set out in **Table 2**.

4.6 Implication relating to the Malaysian Code on Takeovers and Mergers 1998 (“the Code”)

Part II and Practice Note 2.7 of the Code states that if a person, together with persons acting in concert with him (if any), holding more than 33% but less than 50% of the voting shares of a Company, who as a result of a purchase of the Company of its own Shares, increases his holding in any period of six (6) months by an additional 2% or more of the voting shares of the Company, the person together with persons acting in concert with him (if any) are obligated to extend a mandatory take-over offer to acquire the remaining shares not already held by them.

The Proposed Share Buy-Back is not expected to trigger any obligation by the substantial shareholders of the Company and/or persons acting in concert with them to undertake a mandatory offer under the Code.

Nevertheless, the substantial shareholders will be mindful of any potential implications relating to Part II of the Code and in the event that obligations relating to Part II of the Code is expected to be triggered as a result of the Proposed Share Buy-Back, which is an action outside its direct participation, the affected parties shall apply to the Securities Commission for an exemption from undertaking a mandatory offer for all the remaining Shares in the Company not already held by them under Practice Note 2.9.10 of the Code.

5. APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to the approvals of the following parties being obtained:

- i. shareholders of M3Tech at an EGM to be convened; and
- ii. any other relevant authorities, if so required.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and Substantial Shareholders of the Company and/or persons connected with them has any interest, direct or indirect, in the Proposed Shares Buy-Back.

7. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposed Share Buy-Back, the Board is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company.

This announcement is dated 2 April 2009.