Unless otherwise stated, all abbreviations and defined names or expressions contained in this Abridged Prospectus ("**AP**") are defined in the Definitions section of this AP.

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold/transferred all your ordinary shares in M3Tech, you should at once hand this AP together with the NPA and the RSF to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue with Warrants, which is the subject of this AP should be addressed to our Share Registrar, namely Securities Services (Holdings) Sdn. Bhd. at Suite 18.05 MWE Plaza, No. 8 Lebuh Farquhar, 10200 Penang.

These Documents are only despatched to our Entitled Shareholders, who have a registered address in Malaysia in the records of Bursa Depository or who have provided our Share Registrar with a registered address in Malaysia in writing not later than 5.00 p.m. on 13 July 2016. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which this AP relates is only available to persons receiving the Documents electronically or otherwise within Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the Rights Shares with Warrants to be issued under the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 11 of this AP. Neither M3Tech, PIVB nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights Shares with Warrants made by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue with Warrants at the Extraordinary General Meeting held on 25 November 2015. Bursa Securities had on 17 September 2015 granted its approval for, amongst others, the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new M3Tech Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. Admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new M3Tech Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS AP.

PIVB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

M3 TECH

M3 TECHNOLOGIES (ASIA) BERHAD
(Company No. 482772-D)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 394,640,880 NEW ORDINARY SHARES OF RM0.10 EACH IN M3TECH ("M3TECH SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 295,980,660 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF FOUR (4) RIGHTS SHARES TOGETHER WITH THREE (3) WARRANTS FOR EVERY TWO (2) EXISTING M3TECH SHARES HELD AT 5.00 P.M. ON 13 JULY 2016, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 80,000,000 RIGHTS SHARES TOGETHER WITH 60,000,000 WARRANTS

Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Wednesday, 13 July 2016 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Wednesday, 20 July 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Monday, 25 July 2016 at 4.00 p.m.
Acceptance and payment	:	Thursday, 28 July 2016 at 5.00 p.m.*
Excess application and payment	:	Thursday, 28 July 2016 at 5.00 p.m.*

* *or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.*

This AP is dated 13 July 2016

Company No. 482772-D

BURSA SECURITIES HAS APPROVED, AMONGST OTHERS, THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, THE WARRANTS AND THE NEW M3TECH SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE WARRANTS ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THESE DOCUMENTS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE *CAPITAL MARKETS AND SERVICES ACT, 2007* (“CMSA”).

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this AP and shall have the following meanings:

ACE LR	:	ACE Market Listing Requirements
Act	:	Companies Act, 1965
Adviser or PIVB	:	Public Investment Bank Berhad (*20027-W*)
AP	:	This abridged prospectus dated 13 July 2016
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (*165570-W*)
Bursa Securities	:	Bursa Malaysia Securities Berhad (*635998-W*)
By-Laws	:	The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with the By-Law)
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007
Code	:	Malaysian Code on Take-Over and Merger, 2010
Corporate Exercises	:	The Rights Issue with Warrants and Scheme, collectively
Deed Poll	:	The deed poll executed by our Company on 17 June 2016 constituting the Warrants pursuant to the Rights Issue with Warrants
Director(s)	:	All directors (either an executive director or a non-executive director) of our Group (excluding dormant subsidiaries) within the same meaning given in Section 4 of the Act
Documents	:	AP, NPA and RSF, collectively
EGM	:	Extraordinary General Meeting
Entitled Shareholder(s)	:	Our shareholders whose names appear on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue with Warrants
Entitlement Date	:	5.00 p.m. on 13 July 2016, being the date and time on which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants
EPS	:	Earnings per share
Fotokem	:	Fotokem Sdn Bhd *(72434-X)*
FPE	:	Financial period ended
FYE	:	Financial year ended/ ending 30 June
GDP	:	Gross domestic product
GPS	:	Global positioning system
HKD	:	Hong Kong Dollar

ICT	:	Information communication technology
IDR	:	Indonesia Rupiah
Increase in Authorised Share Capital	:	Increase in the authorised share capital of our Company from RM25,000,000 comprising 250,000,000 M3Tech Shares to RM200,000,000 comprising 2,000,000,000 M3Tech Shares which was completed on 25 November 2015
Irrevocable Undertakings	:	The irrevocable written undertakings by LSB and Mark dated 16 June 2015, all of whom are shareholders of our Company, that these shareholders will subscribe for: (a) their entire Rights Shares with Warrants entitlements; and (b) the requisite number of excess Rights Shares with Warrants, in the event that the other Entitled Shareholders and/or renouncee(s)/transferee(s) do not subscribe for their respective Rights Shares with Warrants entitlements, pursuant to the Rights Issue with Warrants to achieve the Minimum Subscription Level
LAT	:	Loss after taxation
LED	:	Light-emitting diode
LPD	:	The latest practicable date prior to the despatch of this AP, being 21 June 2016
LSB	:	Lim Seng Boon
M&A	:	Memorandum and Articles of Association of M3Tech
M&A Amendments	:	Amendments to the M&A of M3Tech, which was completed on 25 November 2015, to facilitate the Increase in Authorised Share Capital and the Scheme
M3Tech or Company	:	M3 Technologies (Asia) Berhad (*482772-D*)
M3Tech Group or Group	:	Our Company and its subsidiaries, collectively
M3Tech Shares	:	Ordinary shares of RM0.10 each in M3Tech
Mark	:	Chew Shin Yong, Mark
Market Day	:	Any day in which Bursa Securities is open for the trading of securities
Maximum Scenario	:	The scenario that assumes all the Treasury Shares are resold by our Company in the open market prior to the implementation of the Rights Issue with Warrants and that all our Entitled Shareholders subscribe for their Rights Shares with Warrants entitlements
MFRS 2	:	Malaysian Financial Reporting Standard 2, Share-Based Payment, issued by the Malaysian Accounting Standards Board

Minimum Scenario	:	The scenario that assumes the Rights Issue with Warrants is undertaken on a Minimum Subscription Level basis pursuant to the Irrevocable Undertakings, all the Treasury Shares continue to be retained by our Company prior to the implementation of the Rights Issue with Warrants
Minimum Subscription Level	:	The scenario that assumes that the Rights Issue with Warrants will be undertaken on a minimum subscription level basis via the issuance of 80,000,000 Rights Shares together with 60,000,000 Warrants
NA	:	Net assets
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Option(s)	:	The right of an eligible employee to subscribe for new M3Tech Shares under the Scheme pursuant to the contract constituted by acceptance in the manner provided in the By-Law
PBT	:	Profit before taxation
PRC	:	People's Republic of China
Placement Shares	:	17,705,700 new M3Tech Shares issued pursuant to the Private Placement
Private Placement	:	Private placement of 17,705,700 M3Tech Shares which was completed on 13 November 2015
Provisional Rights Shares with Warrants	:	Rights Shares with Warrants provisionally allotted to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) pursuant to the Rights Issue with Warrants
R&D	:	Research and development
Record of Depositors	:	A record of security holders established and maintained by Bursa Depository
Rights Issue with Warrants	:	Renounceable rights issue of up to 394,640,880 Rights Shares together with up to 295,980,660 free detachable Warrants at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares together with three (3) Warrants for every two (2) existing M3Tech Shares held on the Entitlement Date, based on the Minimum Subscription Level
Rights Shares	:	New M3Tech Shares to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
SC	:	Securities Commission Malaysia
Scheme	:	Establishment of an employees' share option scheme of up to 30% of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) for the eligible employees as set out in the By-Laws
SGD	:	Singapore Dollar

DEFINITIONS ***(Cont'd)***

SICDA	:	Securities Industry (Central Depositories) Act, 1991
Subscription Price	:	The price at which an eligible employee shall be entitled to subscribe for each new M3Tech Share upon the exercise of the Option in accordance with the provisions of By-Law
TERP	:	Theoretical ex-rights price of M3Tech Shares
THB	:	Thai Baht
Treasury Shares	:	The purchased shares which are retained by our Company and shall have the meaning given under Section 67A of the Act
USD	:	United States Dollar
VWAP	:	Volume-weighted average market price
Warrants	:	Warrants to be issued for free pursuant to the Rights Issue with Warrants, which shall constitute the same series of warrants under the Deed Poll for Warrants and will be listed on the ACE Market of Bursa Securities

All references to "our Company" in this AP are made to M3Tech. References to "our Group" or "the M3Tech Group" are to our Company and our subsidiaries, collectively. References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, shall include our subsidiaries. All references to "you" in this AP are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the tables between the amounts listed and the totals in this AP are due to rounding.

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CONTENTS

CONTENTS ***(Cont'd)***

APPENDICES

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CORPORATE DIRECTORY

M3 TECHNOLOGIES (ASIA) BERHAD
(Company No. 482772-D)
(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name	Address	Designation	Profession	Nationality
Chew Shin Yong, Mark	5/F, Man On Commercial Building 12-13, Jubilee Street Central Hong Kong	Executive Chairman	Information technology and entrepreneur	Singaporean
Lim Seng Boon	No. 35, Jalan Westlands 10400 Penang	Managing Director	Information technology and entrepreneur	Malaysian
Chin Chee Wing	No. 6, Jalan USJ 5/3F 47610 Subang Jaya Selangor	Independent Non-Executive Director	Entrepreneur	Malaysian
Lim Kooi Siang	1-T, Medan Tembaga 11600 Georgetown Pulau Pinang	Independent Non-Executive Director	Accountant	Malaysian
Choong Eng Choon	No. 25, Lorong Bintang Dua 11200 Tanjong Bungah Pulau Pinang	Independent Non-Executive Director	Architect	Malaysian
Yeoh Boon Hock	No. 114, Persiaran Wangsa Baiduri 3 47500 Subang Jaya Selangor	Independent Non-Executive Director	Entrepreneur	Malaysian
Dato' Woo Hon Kong	No. 60, Jalan Limau Nipis Bangsar Park, Bangsar 59000 Kuala Lumpur	Independent Non-Executive Director	Lawyer and entrepreneur	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Lim Kooi Siang	Chairperson	Independent Non-Executive Director
Chin Chee Wing	Member	Independent Non-Executive Director
Yeoh Boon Hock	Member	Independent Non-Executive Director

CORPORATE DIRECTORY *(Cont'd)*

REMUNERATION COMMITTEE

Name	Designation	Directorship
Chin Chee Wing	Chairperson	Independent Non-Executive Director
Lim Seng Boon	Member	Managing Director
Lim Kooi Siang	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Choong Eng Choon	Chairperson	Independent Non-Executive Director
Chin Chee Wing	Member	Independent Non-Executive Director
Lim Kooi Siang	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Tea Sor Hua *(MACS 01324)*
Yong Yen Ling *(MAICSA 7044771)*
Third Floor, No. 79 (Room A)
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Tel No: +603 – 7725 1777
Fax No: +603 – 7722 3668

REGISTERED OFFICE : Third Floor, No. 79 (Room A)
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Tel No: +603 – 7725 1777
Fax No: +603 – 7722 3668

HEAD OFFICE : Unit 708, Block A
Pusat Dagangan Phileo Damansara 2
Jalan SS 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

Tel No: +607 – 7955 0018
Fax No: +607 – 7955 8017
Email: info@m3tech.com.my
Website: www.m3tech.com.my

AUDITORS AND REPORTING ACCOUNTANTS : Ecovis AHL PLT *(AF 001825)*
Chartered Accountants
No 9-3, Jalan 109F
Plaza Danau 2, Taman Danau Desa
58100 Kuala Lumpur

Tel No: +603 – 7981 1799
Fax No: +603 – 7980 4796

CORPORATE DIRECTORY *(Cont'd)*

DUE DILIGENCE SOLICITORS	:	Lim . Chong . Phang & Amy Advocates & Solicitors D1-U5-15 & 16, Solaris Dutamas No. 1 Jalan Dutamas 1 50480 Kuala Lumpur Tel No: +603 – 6205 3408 Fax No: +603 – 6205 3409
PRINCIPAL BANKER	:	Alliance Bank Malaysia Berhad *(88103-W)* Unit 1-2, Right Wing Level 1, CP Tower 11, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor Tel No: +603 – 7957 3366 Fax No: +603 – 7957 3360
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn. Bhd. (*36869T)* Suite 18.05 MWE Plaza No. 8 Lebuh Farquhar 10200 Penang Tel No: +604 – 263 1966 Fax No: +604 – 262 8544
ADVISER	:	Public Investment Bank Berhad (*20027-W*) 25^{th} Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Tel No: +603 – 2166 9382 Fax No: +603 – 2166 9386
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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M3 TECHNOLOGIES (ASIA) BERHAD
(Company No. 482772-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Third Floor, No. 79 (Room A)
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

13 July 2016

Board of Directors:

Chew Shin Yong, Mark *(Executive Chairman)*
Lim Seng Boon *(Managing Director)*
Chin Chee Wing *(Independent Non-Executive Director)*
Lim Kooi Siang *(Independent Non-Executive Director)*
Choong Eng Choon *(Independent Non-Executive Director)*
Yeoh Boon Hock *(Independent Non-Executive Director)*
Dato' Woo Hon Kong *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 394,640,880 RIGHTS SHARES TOGETHER WITH UP TO 295,980,660 FREE DETACHABLE WARRANTS AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF FOUR (4) RIGHTS SHARES TOGETHER WITH THREE (3) WARRANTS FOR EVERY TWO (2) EXISTING M3TECH SHARES HELD AT 5.00 P.M. ON 13 JULY 2016, BASED ON THE MINIMUM SUBSCRIPTION LEVEL

1. INTRODUCTION

Our Board is pleased to inform you that our shareholders had approved, amongst others, the Rights Issue with Warrants at our Company's EGM held on 25 November 2015. A certified true extract of the resolution pertaining to the Rights Issue with Warrants passed at the said EGM is attached in Appendix I of this AP.

On 17 September 2015, PIVB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 17 September 2015, granted its approval for, amongst others, the following:

(i) the admission of the Warrants to the Official List of the ACE Market of Bursa Securities;

(ii) the listing of and quotation for the up to 395,152,428 Rights Shares together with up to 296,364,321 Warrants on the ACE Market of Bursa Securities; and

(iii) the new M3Tech Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities.

On 20 January 2016, PIVB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 20 January 2016 approved our application for an extension of time of six (6) months from 17 March 2016 to 16 September 2016 to complete the implementation of the Corporate Exercises pursuant to Rule 6.60(1) of the ACE LR.

The approval granted by Bursa Securities for the Rights Issue with Warrants is subject to, amongst others, the following conditions:

Conditions imposed		Status of compliance
(a)	M3Tech and PIVB must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Rights Issue with Warrants.	Noted
(b)	M3Tech and PIVB to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be met
(c)	M3Tech to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be met
(d)	M3Tech is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

On 13 November 2015, PIVB had on behalf of our Board, announced the completion of the Private Placement. As such, the maximum issue size for the Rights Shares with Warrants has reduced accordingly and the Rights Issue with Warrants entails the issuance of up to 394,640,880 Rights Shares with up to 295,980,660 Warrants under the Maximum Scenario.

The official listing of and quotation for the Rights Shares, the Warrants and the new M3Tech Shares to be issued arising from the exercise of the Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

On 23 June 2016, PIVB, had on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 13 July 2016 and the other relevant dates pertaining to the Rights Issue with Warrants.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue with Warrants, and if given or made, such information or representation must not be relied upon as having been authorised by us or PIVB.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Introduction

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities and our shareholders and subject to the terms of the Documents, our Company will provisionally allot up to 394,640,880 Rights Shares together with up to 295,980,660 free detachable Warrants at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares together with three (3) Warrants for every two (2) existing M3Tech Shares held on the Entitlement Date based on the Minimum Subscription Level.

After taking into account our Company's issued and paid-up share capital as at the LPD of 197,320,440 M3Tech Shares (including 2,557,500 Treasury Shares), the number of new M3Tech Shares that could be issued under the Rights Issue with Warrants would be:

(i) 80,000,000 Rights Shares together with 60,000,000 Warrants, assuming that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis pursuant to the Irrevocable Undertakings. Further details of the Irrevocable Undertakings are set out in Section 4 of this AP; or

(ii) up to 394,640,880 Rights Shares together with up to 295,980,660 Warrants, assuming that all our Entitled Shareholders subscribe for their Rights Shares with Warrants entitlements.

As an Entitled Shareholder, you will find enclosed with this AP:

(i) the NPA in respect of the number of Rights Shares with Warrants provisionally allotted to you, for which you are entitled to subscribe under the terms of the Rights Issue with Warrants; and

(ii) the RSF which is to be used for the acceptance of the Rights Shares with Warrants provisionally allotted to you and for the application of any Rights Shares with Warrants pursuant to the excess Rights Shares with Warrants application, should you wish to do so.

You can fully or partially subscribe and/or renounce your Rights Shares with Warrants entitlements. However, the Rights Shares and Warrants cannot be renounced separately. For the avoidance of doubt, should you:

(i) renounce all of your Rights Shares entitlements, you shall not be entitled to any of the Warrants attached to the Rights Shares; and

(ii) subscribe for only part of your Rights Shares entitlements, you shall be entitled to the Warrants in the proportion of the Warrants attached to the Rights Shares subscribed.

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and will be dealt with by our Board as it may deem fit and expedient in the best interest of our Company.

Any dealing in our Company's securities will be subject to, amongst others, the provision of the SICDA, the Rules of Bursa Depository and any other relevant legislation. The Rights Shares with Warrants will be credited directly into the respective CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribe for such Rights Shares with Warrants. No physical share and warrant certificates will be issued.

The Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will be listed and quoted on the ACE Market of Bursa Securities within two (2) Market Days upon the receipt of the application for quotation of the Rights Shares and the Warrants by Bursa Securities as specified under the ACE LR.

The Warrants will be detached from the Rights Shares immediately upon issuance and will be traded separately on the ACE Market of Bursa Securities. The indicative principal terms of the Warrants are set out in Section 2.4 of this AP.

The Warrants will be issued together with the Rights Shares to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares at no cost. Successful applicants who subscribe for four (4) Rights Shares will be entitled to three (3) Warrants. The Warrants are exercisable into new M3Tech Shares at an exercise price of RM0.10 per Warrant for one (1) new M3Tech Share. The Warrants may be exercised by the holders at their own discretion.

Our Company shall despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants

The issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant for one (1) new M3Tech Share were arrived at after taking into consideration, amongst others, the following:

(i) the minimum issue price allowable under the Act, which is not less than the par value of the M3Tech Shares of RM0.10 each; and

(ii) the five (5)-day VWAP of RM0.1838 per M3Tech Share up to and including 15 April 2015, being the latest practicable date prior to the announcement of, amongst others, the Corporate Exercises.

For illustrative purposes, issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant represent:

(i) a discount of approximately RM0.0186 or 15.68% over the TERP of the M3Tech Shares of RM0.1186, computed based on the five (5)-day VWAP of RM0.1838 per M3Tech Share up to and including 15 April 2015, being the latest practicable date prior to the announcement of, amongst others, the Corporate Exercises; and

(ii) a discount of approximately RM0.0044 or 4.21% over the TERP of the M3Tech Shares of RM0.1044, computed based on the five (5)-day VWAP of RM0.1197 per M3Tech Share up to and including the LPD.

2.3 Ranking of the Rights Shares and the new M3Tech Shares to be issued arising from the exercise of the Warrants

The Rights Shares and the new M3Tech Shares to be issued upon exercise of any Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing M3Tech Shares, except that the new M3Tech Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the Entitlement Date is prior to the date of allotment of the Rights Shares and the new M3Tech Shares to be issued upon exercise of any Warrants.

2.4 Principal terms of the Warrants

The subscribers of the Rights Shares will be entitled to the Warrants on the basis of three (3) Warrants for every four (4) Rights Shares subscribed for under the Rights Issue with Warrants.

The principal terms of the Warrants are set out below:

Issuer	:	M3Tech
Number of Warrants	:	Up to 295,980,660 Warrants to be issued pursuant to the Rights Issue with Warrants.
Form and denomination	:	The Warrants will be issued for free in registered form and constituted by the Deed Poll for Warrants executed by our Company. The Warrants which are to be issued with the Rights Shares are immediately detachable from the Rights Shares upon allotment and issuance. The Warrants will be issued in registered form and traded separately on Bursa Securities.
Issue Date	:	The date of issue of the Warrants.
Issue Price	:	The Warrants are to be issued for free to our Entitled Shareholders and/or renouncee(s)/transferee(s) who subscribe to the Rights Shares.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new M3Tech Share at the Exercise Price at any time during the Exercise Period.
Exercise Price	:	The exercise price of the Warrants is RM0.10 per Warrant for one (1) new M3Tech Share. The Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under certain circumstances in accordance with the terms and provisions of the Deed Poll for Warrants executed by our Company.

Exercise Period	:	The Warrants may be exercised at any time during the tenure of the Warrants of three (3) years including and commencing from the Issue Date and ending at 5.00 p.m. on a date which falls on the day before the third (3rd) anniversary of the Issue Date, provided that if such day falls on a day which is not a market day, then on the preceding market day. The Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	:	The holders of Warrants shall pay cash by way of banker's draft or cashier's order drawn on a bank in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new M3Tech Shares.
Adjustment in the Exercise Price and/or the number of Warrants in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each holder of Warrants shall be adjusted by the Board in consultation with an approved adviser appointed by our Company for the purposes of the Deed Poll and certified by the auditors in the event of alteration to the share capital of our Company, in accordance with the provisions as set out in the Deed Poll.
Modification of rights of the Warrants holders	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrants holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants holders.
Rights in the event of winding-up, liquidation or an event of default	:	Where a resolution has been passed by our Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one (1) or more companies: (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holders of Warrants or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrants; and (b) in any other cases, every Warrant holders shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of our Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new M3Tech Shares to which he would have become entitled pursuant to such exercise. Upon the expiry of the above six (6) weeks, all Exercise Rights of the Warrants shall lapse and cease to be valid for any purpose.

Board lot	:	The Warrants are tradable upon listing in board lots of one hundred (100) units, carrying the right to subscribe for one hundred (100) new M3Tech Shares or such other number of units as may be prescribed by Bursa Securities.
Rights of the Warrants holders	:	The holders of the Warrants are not entitled to any voting rights in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company until and unless such holders of Warrants are issued with new M3Tech Shares arising from their exercise of the Warrants.
Status of the new M3Tech Shares to be issued arising from the exercise of the Warrants	:	The new M3Tech Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing M3Tech Shares, except that the new M3Tech Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the Entitlement Date is prior to the date of allotment of the new M3Tech Shares to be issued arising from the exercise of the Warrants.
Modification	:	Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by our Company and expressed to be supplemental hereto. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). Our Company in consultation with an approved adviser, appointed by our Company for the purposes of the Deed Poll, may from time to time without the consent or sanction of the Warrant holders make any modification (except to provisions for convening meetings of the Warrant holders) to the Deed Poll which will not be materially prejudicial to the interest of the Warrant holders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia.
Listing	:	Bursa Securities had on 17 September 2015 granted its approval for the admission of the Warrants to the Official List of ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new M3Tech Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities. The Warrants will be listed and traded on the ACE Market of Bursa Securities.
Transferability	:	The Warrants shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
Deed Poll	:	The Warrants are constituted by the Deed Poll executed by our Company.
Governing law	:	The laws of Malaysia.

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3. OTHER CORPORATE EXERCISES

Save for the Rights Issue with Warrants, Scheme (which would only be implemented after the completion of the Rights Issue with Warrants), there is no other outstanding corporate exercise which has been approved by regulatory authorities but pending completion as at the LPD.

4. SHAREHOLDERS' IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

Our Board intends to raise a minimum of RM8.00 million from the Rights Issue with Warrants.

The Rights Issue with Warrants will be implemented on a Minimum Subscription Level basis to raise minimum gross proceeds of RM8.00 million. The Minimum Subscription Level has been determined by our Board after taking into consideration, amongst others, the following:

(i) the funding requirements of our Group;

(ii) the future working capital requirements of our Group; and

(iii) the defraying of expenses incidental to the Corporate Exercises, the Increase in Authorised Share Capital and M&A Amendments.

In order to achieve the Minimum Subscription Level, our Board has procured the Irrevocable Undertakings from certain shareholders of our Company, namely:

(i) LSB, to subscribe for 40,000,000 Rights Shares together with 30,000,000 Warrants, where he will subscribe for the following:

   (a) 27,210,000 Rights Shares together with 20,407,500 Warrants based on his Rights Shares with Warrants entitlements; and

   (b) up to 12,790,000 excess Rights Shares together with up to 9,592,500 excess Warrants, in the event that the other Entitled Shareholders and/or renouncee(s)/transferee(s) do not subscribe for their respective Rights Shares with Warrants entitlements.

(ii) Mark, to subscribe for 40,000,000 Rights Shares together with 30,000,000 Warrants, where he will subscribe for the following:

   (a) 4,261,200 Rights Shares together with 3,195,900 Warrants based on his Rights Shares with Warrants entitlements; and

   (b) up to 35,738,800 excess Rights Shares together with up to 26,804,100 excess Warrants, in the event that the other Entitled Shareholders and/or renouncee(s)/transferee(s) do not subscribe for their respective Rights Shares with Warrants entitlements.

For illustrative purposes, the shareholdings and Rights Shares with Warrants entitlements of LSB and Mark as at the LPD based on the Minimum Subscription Level are set out in the table below:

	M3Tech Shares held directly as at LPD		Rights Shares with Warrants entitlements				Irrevocable Undertakings			
Shareholders	No. of M3Tech Shares ('000)	% [(a)]	Rights Shares ('000)	% [(b)]	Warrants entitled ('000)	% [(b)]	Rights Shares ('000)	% [(b)]	Warrants entitled ('000)	% [(b)]
LSB	13,605	6.99	27,210	6.89	20,407	6.89	40,000	10.14	30,000	10.14
Mark	2,130	1.09	4,260	1.08	3,195	1.08	40,000	10.14	30,000	10.14

Notes:

(a) As a percentage of 194,762,940 M3Tech Shares, being the number of M3Tech Shares in issue (excluding 2,557,500 Treasury Shares) as at the LPD.

(b) As a percentage of 394,640,880 Rights Shares and 295,980,660 Warrants respectively, being the number of M3Tech Shares and Warrants to be issued pursuant to the Rights Issue with Warrants under the Maximum Scenario.

Arising from their obligations pursuant to the Irrevocable Undertakings, LSB and Mark have confirmed that they have sufficient financial resources to subscribe for the Rights Shares pursuant to their Irrevocable Undertakings. PIVB has verified that LSB and Mark have the financial resources to fulfil their commitments pursuant to the Irrevocable Undertakings.

As the Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, there will not be any underwriting arrangement required for the Rights Issue with Warrants.

Upon the completion of the Rights Issue with Warrants, which is implemented under the Minimum Subscription Level, it is not expected to trigger any take-over implications pursuant to Part III of the Code.

Premised on the Irrevocable Undertakings under the Minimum Scenario and based on the assumption that only LSB exercises all Warrants, the shareholding of LSB together with person acting in concert with him ("**PAC**"), namely his spouse, in our Company could potentially increase from 19.41% up to 35.37%. However, the actual shareholdings of LSB and his PAC would depend on amongst others, the timing and actual holdings of their Warrants converted into new M3Tech Shares (on the assumption that LSB does not dispose any of their existing or acquire any new M3Tech Shares and/or Warrants).

The exercise of the Warrants to be held by LSB may result in the shareholdings of LSB and his PAC, direct or indirect shareholdings to collectively exceed 33% of the voting shares in our Company at any point of time. Pursuant to the Code, LSB and his PAC would be obligated to extend a mandatory take-over offer for all remaining M3Tech Shares and convertible securities not already owned by them.

In relation to the above, LSB may make an application to the SC to seek an exemption for LSB and his PAC under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to extend such mandatory take-over offer upon the exercise of the Warrants. The application would be made at a later date but prior to the triggering of the mandatory take-over offer obligation. LSB has been advised by PIVB and is aware that the SC may consider granting an exemption to LSB and his PAC when the conditions under Paragraph 16.3 of Practice Note 9 of the Code have been satisfied. Subject to satisfying the conditions, the SC may consider granting an exemption to LSB and his PAC with or without further conditions.

5. UTILISATION OF PROCEEDS

For illustrative purposes, based on the full subscription level and the issue price of RM0.10 per Rights Share, the Rights Issue with Warrants is expected to raise gross proceeds of up to approximately RM38.95 million (excluding proceeds from any exercise of the Warrants in the future, if any).

The proceeds are expected to be utilised by our Group in the following manner:

	Minimum Scenario (RM'000)	**Maximum Scenario (RM'000)**	**Expected timeframe for utilisation of proceeds from date of receipt**
Purchase of i3 Display terminals, screens and parts [(a)]	4,000	8,000	Within twenty-four (24) months
Purchase of products for distribution within existing and new product range [(b)]	-	6,500	Within twenty-four (24) months
Purchase of smart home solution devices [(c)]	-	3,000	Within twenty-four (24) months
Product/software development expenditure [(d)]	-	3,500	Within twenty-four (24) months
Working capital [(e)]	3,000	16,953	Within twenty-four (24) months
Estimated expenses for the Corporate Exercises [(f)]	1,000	1,000	Within three (3) months
Total	**8,000**	**38,953**	

Notes:

(a) Comprising the i3 Display touch screen terminals and digital screens imported from China and parts are sourced locally in Malaysia. The i3 Display is a high definition touch screen terminal operating on a customised application and a highly versatile interactive marketing tool used in exhibitions, car showrooms, property showrooms, event organisers and departmental stores.

(b) Comprising the products for distributions within the existing and new products range, which include amongst others, Personal Navigational Devices, GPS devices, driving video recorders and others.

(c) Comprising the smart home solution devices imported from China such as WiFi enabled switches, sockets, WiFi-InfraRed remote controls and LED bulbs, to be sold by our Group under the brand names, WayHome and WayLED.

(d) The product/software development expenditure under the R&D division includes expenses relating to developing new platforms as well as upgrading of existing platforms.

(e) The working capital requirements include but are not limited to the funding of our Group's day-to-day operations as follows:

	Minimum Scenario (RM'000)	**Maximum Scenario (RM'000)**
Selling and marketing expenses [(1)]	3,000	8,000
Personnel cost [(2)]	-	8,000
Other expenses [(3)]	-	953
Total	**3,000**	**16,953**

Notes:

(1) Being the expenses incurred for advertising and promotional activities via amongst others, advertisements on televisions, magazines and newspapers, setting up kiosks, printing of brochures and participation in exhibitions to promote its products/software.

(2) The personnel cost includes wages and salaries, Employees Provident Fund and Social Security Organisation (SOCSO).

(3) Being expenses to be incurred by our Group such as rental expenses, and statutory related expenses such as audit fees and tax fees.

(f) The estimated expenses for the Corporate Exercises, the Increase in Authorised Share Capital and M&A Amendments of approximately RM1.00 million include the estimated professional fees, fees payable to the relevant authorities and other miscellaneous expenses. Any surplus or shortfall of funds for the estimated expenses will be adjusted accordingly from or to the working capital, as the case may be.

Further details of our Group's business activities including the i3 Display terminals, products for distribution, smart home solution devices, and development expenditure are set out in Section 9.3 of this AP.

The actual proceeds to be raised from the Rights Issue with Warrants are dependent on the subscription level of the Rights Issue with Warrants. Any variation in the actual proceeds raised will be adjusted to or from the amount allocated for the working capital purposes of our Group.

The proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for working capital of our Group of which the expected time frame for full utilisation cannot be determined by our Board at this juncture.

The Rights Issue with Warrants is undertaken to cater for the requirements of our Group in the next twenty-four (24) months. As discussed in Section 5 of this AP, the Rights Issue with Warrants will provide the needed capital to expand the operations of our Group as well as to implement the marketing plan to be adopted and the future staffing requirements of our Group. Our Board is of the opinion that the Rights Issue with Warrants will complement our Group to raise the required fundings in the short and medium-terms.

6. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The rationale and justification for the Rights Issue with Warrants are as follows:

(i) to enable our Group to raise funds without incurring higher and/or recurring interest costs which is a more cost efficient alternative as compared to incurring additional bank borrowings;

(ii) to strengthen our eventual capital base upon the issuance of the Rights Shares and the exercise of the Warrants (if any);

(iii) to raise funds for our Group's business operation which include the purchase of i3 Display terminals, screens and parts together with products for distribution without incurring interest cost as compared to other means of financing, such as bank borrowings;

(iv) to provide our shareholders with an opportunity to further increase their equity participation in our Company via the issuance of the Rights Shares without diluting the existing shareholders' shareholdings percentage, assuming that all the Entitled Shareholders and/or renouncees fully subscribe for their respective entitlements under the Rights Issue with Warrants and ultimately, participate in the prospects and future growth of our Group; and

(v) the Warrants are intended to provide an attractive option to our shareholders to subscribe for the Rights Shares as well as another option to further participate in the equity of our Company upon exercising the Warrants. In addition, proceeds arising from the exercise of the Warrants in the future, if any, will provide an additional source of funds to be used for future working capital and/or business expansion of our Group.

7. RISK FACTORS

In addition to the other information contained herein, you should carefully consider the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Shares with Warrants.

7.1 Risks relating to the operations and business of our Group in the ICT industry

7.1.1 Competition

The market for our Group's products is competitive and characterised by rapid technological innovation. Innovation and enhancement of new technologies and mobile applications create ever changing challenges to our current distribution and mobile solutions businesses. The increased competition from external parties had eroded our market position and pricing power, resulted in an adverse effect on our overall financial and operational performance. Further details of our Group's past financial performances for the last three (3) FYEs and the latest FPE 31 March 2016 are set out in Section 7 of Appendix II of this AP.

In future, our Group expects to continue to experience such competition from current and new competitors in the ICT industry which offer similar products and services. Our ability to compete depends upon many factors both within and outside our control, including the price, value for money, customer services and support, product and service distribution channels.

Our future success will also depend significantly upon, amongst others, our ability to respond to changing market demands, knowing the needs of our customers, be innovative and response to the changing dynamics of the market place. Our Group believes that with our R&D capabilities, facilities as well as sales and marketing efforts will enable us to remain competitive and stay ahead of our competitors by introducing innovative technologies related products/services.

However, despite the measures taken by our Group, there is no assurance that our Group will be able to maintain or increase our market share in the future amongst competition from existing players and/or potential new entrants to the ICT industry or the increased competition would not have any material and adverse impact on our Group's financial performance and prospects.

7.1.2 Business and operational risks

Our Company is principally involved in the provision of mobile solution services with mobile value added services and the development of mobile based applications, particularly within the mobile phone industry.

The business of our Group is subject to certain risks inherent in the ICT industry. These include, amongst others, rapid changes in technological advancement, the ability to response to the changes in the sentiments of the ICT industry, market acceptance of products and services, lower profit margin due to pricing competition, cost and changes in laws, regulations and policies applicable to ICT industry.

Although we seek to limit these risks through, *inter-alia*, practicing prudent management policies, stay abreast with the development, trends and directions of the industry, technology and our customers' future plans, maintaining long-term relationship with our suppliers and customers, reducing reliance by purchasing from a few suppliers and continuous review of our processes and operations to improve efficiency and quality. However, there is no assurance that any changes to the said risk factors will not have a material adverse effect on our Group's businesses and financial performance.

7.1.3 Rapid technological change in products/services

The markets for our Group's products and services are characterised by rapid technological developments, evolving industry standards, swift change in customer requirements, computer operating environment and software applications and frequent new product introductions and enhancements. Our Group's future success depends substantially upon its ability to address the increasingly sophisticated needs of its customers. There can be no assurance that our Group will be successful in adapting to advances in technology or in addressing changing customers' needs on a timely basis.

In recognition of this, our Group with its experienced and skilled personnel constantly endeavours to keep abreast with developments in technology and the market by actively participating in industry-related events. Our Group will continue to formulate and develop new products and services to meet the increasingly sophisticated requirements of our customers as well as constantly update our existing products and services to increase value added offerings.

7.1.4 Dependence on key personnel

Our Group believes that our continued success will depend, to a large extent, upon the abilities and continued efforts of our existing Directors and senior management, who are crucial in managing our Group, sourcing for potential business opportunities to increase market share and identifying and training key personnel for business continuity planning. The loss of any of our Group's Directors or key members of the senior management team could affect our Group's financial and operational performance.

Our Board recognises the importance of our Group's ability to attract and retain professionally trained senior management and experienced skilled personnel. Thus, we have in place an appropriate human resource strategy and succession plan that includes competitive and performance-based remuneration packages, training and personnel development programmes, conducive working environment and opportunity for career growth.

However, there is no assurance that these measures will always be successful or relevant in retaining key personnel or ensuring a smooth transition should changes occur without materially impacting our Group's operations and financial performance.

7.1.5 Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic, monetary and regulatory developments. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

Nevertheless, our Board believes that by leveraging on our industry experience in terms of monitoring of our business operations, we would be able to adapt to the changing political, economic and regulatory environment. However, there is no assurance that adverse political, economic, monetary and regulatory factors will not materially affect our Group's operations and financial performance.

7.2 Risks relating to the Rights Issue with Warrants

7.2.1 Investment risks

The market price of the M3Tech Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the ICT industry. Therefore, the future liquidity and trading volume of our Shares is unknown at this stage.

The market price of the Warrants, like all new securities of the listed securities traded on Bursa Securities, is subject to, *inter-alia*, price discovery by investors and fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally. In addition, it will also be influenced by, amongst others, the market price of M3Tech Shares, potential payments of dividends and volatility of the M3Tech Shares, and the remaining exercise period of the Warrants.

Notwithstanding that, there is no assurance that the market price of our Shares (together with the Rights Shares and any new M3Tech Shares to be issued arising from the exercise of the Warrants), upon or subsequent to the listing of and quotation for the Rights Shares and the Warrants, will remain at or above the issue price of the Rights Shares. Also, there is no assurance that the exercise price of the Warrants will be in-the-money during the tenure of the exercise period of the Warrants.

7.2.2 Factors affecting the Warrants

Our Company believes that a variety of factors could cause the price of the Warrants to fluctuate, including but not limited to trades of substantial amount of the Warrants on Bursa Securities in the future, fluctuation in the price of the underlying M3Tech Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the Warrants will also depend on various external factors, such as the prospects of the ICT industry in which our Group operates, the economic, monetary and political conditions of Malaysia, the investors' sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

Notwithstanding the above, it should be noted that our Group's financial performance is not dependent on the price performance of the M3Tech Shares and the Warrants.

7.2.3 Delay or failure in the implementation of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any force majeure events or events/circumstances, which are beyond the control of our Group, arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, global economic downturn, acts of war, act of terrorism, riots, expropriations and changes in political leadership.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue with Warrants.

In the event of failure in the implementation of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with the provisions of Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants have been allotted to the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) and the Rights Issue with Warrants is subsequently cancelled, a return of monies to all holders of the Rights Shares with Warrants can only be achieved by way of cancellation of share capital and Warrants as provided under the Act and its related rules. Such cancellation requires the approval of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

7.2.4 Forward-looking statements

Certain statements in this AP are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimations and assumptions made by our Board and although our Board believes these statements and assumptions are reasonable, they are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of forward-looking statements in this AP should not be regarded as representation or warranty by our Company and/ or the Adviser that the plans and objectives of our Group will be achieved.

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8. EFFECTS OF THE CORPORATE EXERCISES

The Increase in Authorised Share Capital and the M&A Amendments will not have any effects on the share capital and substantial shareholders' shareholdings of our Company, NA, gearing and earnings of our Group.

8.1 Issued and paid-up share capital

The pro forma effects of the Corporate Exercises on the issued and paid-up share capital of our Company are as follows:

		Minimum Scenario		Maximum Scenario	
	Par Value	**No. of M3Tech Shares**	**RM**	**No. of M3Tech Shares**	**RM**
Issued and paid-up share capital:					
As at the LPD	0.10	197,320,440	19,732,044	197,320,440	19,732,044
Less: Treasury Shares	0.10	(2,557,500)	(255,750)	-	-
	0.10	194,762,940	19,476,294	197,320,440	19,732,044
To be issued pursuant to the Rights Issue with Warrants	0.10	80,000,000	8,000,000	394,640,880	39,464,088
	0.10	274,762,940	27,476,294	591,961,320	59,196,132
Assuming full exercise of the Warrants	0.10	60,000,000	6,000,000	295,980,660	29,598,066
	0.10	334,762,940	33,476,294	887,941,980	88,794,198
Assuming full exercise of the Options [(a)]	0.10	82,428,882	8,242,888	177,588,396	17,758,840
Total enlarged issued and paid-up share capital	0.10	**417,191,822**	**41,719,182**	**1,065,530,376**	**106,553,038**

Note:

(a) Assuming full exercise of the Options granted under the Scheme immediate after the completion of the Rights Issue with Warrants, representing up to 30% of the prevailing issued and paid-up share capital of our Company of 274,762,940 M3Tech Shares.

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8.2 NA and gearing

The Scheme is not expected to have an immediate impact on the consolidated NA per Share and gearing of our Group until such time when the Options are granted and exercised. However, the potential effect on the consolidated NA per Share and gearing in the future would depend on factors such as the number of Options granted and exercised at any point in time, the Subscription Price, the utilisation of the proceeds arising from the exercise of Options and the potential effect on the future earnings of our Group arising from the adoption of MFRS 2, issued by the Malaysian Accounting Standards Board. For illustrative purposes, upon exercise of the Options, the consolidated NA per Share will increase if the Subscription Price is above the consolidated NA per Share, and vice versa.

The pro forma effects of the Corporate Exercises on the NA and gearing of our Group based on the latest audited consolidated financial statements as at 30 June 2015 are as follows:

Minimum Scenario

Group level	Audited as at 30 June 2015 (RM'000)	(I) Adjustment for subsequent event up to LPD (RM'000)	(II) After (I) and the Rights Issue with Warrants (RM'000)	(III) After (II) and the Scheme (RM'000)	(IV) After (III) and assuming full exercise of the Warrants (RM'000)	(V) After (IV) and assuming full exercise of the Options (RM'000)
Share capital	18,561	19,732 [b]	27,732	27,732	33,732	41,975
Share premium	4,573	4,531 [b]	3,531 [c]	3,531	3,531	8,873 [f]
Treasury shares	(566)	(566)	(566)	(566)	(566)	(566)
Options reserve	-	-	-	4,517 [e]	4,517	-
Warrants reserve	-	-	3,144 [d]	3,144	-	-
Other reserves	-	-	(3,144) [d]	(3,144)	-	
Foreign currency translation reserve	1,625	1,625	1,625	1,625	1,625	1,625
Retained earnings/ (Accumulated losses)	2,588	2,588	2,588	(1,929) [e]	(1,929)	(1,929)
Equity attributable to owners of the parent	**26,781**	**27,910**	**34,910**	**34,910**	**40,910**	**49,978**
Number of M3Tech Shares in issue (excluding Treasury Shares) ('000) [a]	183,057	194,763	274,763	274,763	334,763	417,192
NA per M3Tech Share (RM)	0.15	0.14	0.13	0.13	0.12	0.12
Total borrowings (RM'000)	748	748	748	748	748	748
Gearing (times)	0.03	0.03	0.02	0.02	0.02	0.01

Notes:

(a) Excluding the Treasury Shares.

(b) Upon completion of the second (2nd) and final tranche of 11,705,700 placement shares at an issue price of RM0.105 each on 13 November 2015 and after deducting the expenses of RM100,000 against the share premium account.

(c) After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises, the Increase in Authorised Share Capital and M&A Amendments against the share premium account.

(d) Assuming issuance of 60,000,000 Warrants with the fair value of RM0.05 per Warrant. For illustrative purposes, the fair value was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant.

(e) Assuming full granting of 82,428,882 Options after the Rights Issue with Warrants with the fair value of RM0.05 per Option. For illustrative purposes, the fair value was arrived from Black-Scholes option pricing model based on the indicative exercise price of RM0.11 per Option.

(f) Assuming 82,428,882 Options are exercised into the M3Tech Shares at an indicative exercise price of RM0.11 per Option, of which RM0.01 per Option is credited to share premium account.

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Maximum Scenario

Group level	Audited as at 30 June 2015 (RM'000)	(I) Adjustment for subsequent event up to LPD (RM'000)	(II) Assuming all Treasury Shares are resold in the open market (RM'000)	(III) After (II) and the Rights Issue with Warrants (RM'000)	(IV) After (III) and the Scheme (RM'000)	(V) After (IV) and assuming full exercise of the Warrants (RM'000)	(VI) After (V) and assuming full exercise of the Options (RM'000)
Share capital	18,561	19,732 [b]	19,732	59,196	59,196	88,794	106,553
Share premium	4,573	4,531 [b]	4,531	3,531 [d]	3,531	3,531	15,039 [g]
Treasury shares	(566)	(566)	- [c]	-	-	-	-
Options reserve	-	-	-	-	9,732 [f]	9,732	-
Warrants reserve	-	-	-	15,509 [e]	15,509	-	-
Other reserves	-	-	-	(15,509) [e]	(15,509)	-	-
Foreign currency translation reserves	1,625	1,625	1,625	1,625	1,625	1,625	1,625
Retained earnings/ (Accumulated losses)	2,588	2,588	2,330 [c]	2,330	(7,402) [f]	(7,402)	(7,402)
Equity attributable to owners of the parent	**26,781**	**27,910**	**28,218**	**66,682**	**66,682**	**96,280**	**115,815**
Number of M3Tech Shares in issue ('000)	183,057 [a]	194,763 [a]	197,320	591,961	591,961	887,942	1,065,530
NA per M3Tech Share (RM)	0.15	0.14	0.14	0.11	0.11	0.11	0.11
Total borrowings (RM'000)	748	748	748	748	748	748	748
Gearing (times)	0.03	0.03	0.03	0.01	0.01	0.01	0.01

Notes:

(a) Excluding the Treasury Shares.

(b) Upon completion of the second (2nd) and final tranche of 11,705,700 placement shares at an issue price of RM0.105 each on 13 November 2015 and after deducting the expenses of RM100,000 against the share premium account.

(c) Assuming the Treasury Shares are resold by our Company at the closing price as at the LPD of RM0.12 per M3Tech Share. The loss arising from the resale of the Treasury Shares amounting to approximately RM258,739 will be debited into the retained earnings account.

(d) After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises, the Increase in Authorised Share Capital and M&A Amendments against the share premium account.

(e) Assuming issuance of 295,980,660 Warrants with the fair value of RM0.05 per Warrant. For illustrative purposes, the fair value was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant.

(f) Assuming full granting of 177,588,396 Options after the Rights Issue with Warrants with the fair value of RM0.05 per Option. For illustrative purposes, the fair value was arrived from Black-Scholes option pricing model based on the indicative exercise price of RM0.11 per Option.

(g) Assuming 177,588,396 Options are exercised into the M3Tech Shares at an indicative exercise price of RM0.11 per Option, of which RM0.01 per Option is credited to share premium account.

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8.3 Earnings and EPS

The Rights Issue with Warrants is expected to be completed by the second (2nd) half of 2016 and is not expected to have any material impact on the consolidated earnings of our Group for the FYE 2016.

On a standalone basis, the EPS of our Group would be diluted as a result of the increase in the number of M3Tech Shares arising from the Rights Issue with Warrants as well as the exercise of the Warrants into new M3Tech Shares (if any), in the event that the earnings of our Group does not increase in tandem with the increase in the number of M3Tech Shares issued. However, the actual extent of dilution to the EPS of our Group is dependent on, amongst others, the utilisation of proceeds, the actual number of Warrants exercised and the future earnings of our Group.

The Scheme is not expected to have a material effect on the earnings of our Group until such time as the Options are granted. Any potential effect on the consolidated EPS in the future will depend on factors such as the number of Options granted and exercised, the Subscription Price, the utilisation of proceeds arising from the exercise of the Options and the impact of the MFRS 2.

With the adoption of the MFRS 2, the cost arising from the issuance of the Options is measured by the fair value of the Options, which is expected to vest at the date the Options are offered, and is recognised in the statement of comprehensive income over the vesting period (i.e. the period when the Options are exercisable) of the Options, thereby reducing the earnings of our Group. However, the reduction in earnings is merely an accounting treatment and will not have any impact on the cash flow of our Group. Hence, the total estimated costs of the Options to be granted after the completion of the Rights Issue with Warrants are RM4.52 million (Minimum Scenario) and RM9.73 million (Maximum Scenario) and the details are set out in Section 8.2 of this AP. The actual cost of the Options to be granted would depend on, *inter-alia*, the number of Options granted and the fair value of such Options.

Our Board has taken note of the potential impact of the MFRS 2 on our Group's future earnings and shall take into consideration such impact on the statement of comprehensive income when considering the allocation and granting of Options to the Eligible Employees.

9. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

9.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.2% in the first quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. Nevertheless, private sector expenditure remained the key driver of growth (4.5%; 4Q 2015: 4.9%). Net exports contributed negatively to growth during the quarter following a decline in real exports of goods and services (-0.5%; 4Q 2015: +4.0%) amid continued positive growth in real imports (1.3%; 4Q 2015: 4.0%). On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.0% (4Q 2015: 1.2%).

Domestic demand grew by 3.6% in the first quarter of the year (4Q 2015: 4.0%), with private sector expenditure expanding at a slower pace of 4.5% (4Q 2015: 4.9%).

Private consumption growth expanded by 5.3% (4Q 2015: 4.9%), supported by continued wage and employment growth.

Private investment registered a slower growth of 2.2% in the first quarter (4Q 2015: 4.9%). The cautious business sentiments and lower commodity prices continued to weigh down on investments in the upstream mining sector. Nevertheless, there was continued investment in the manufacturing and services sectors.

Public consumption growth improved to 3.8% (4Q 2015: 3.3%), as a result of higher spending on emoluments. On the other hand, public investment declined by 4.5% (4Q 2015: 0.4%), due to lower spending on fixed assets by public corporations, particularly in the oil and gas and transportation sectors, which more than offset higher investment by the Federal Government.

(Source: Quarterly Bulletin, First (1st) Quarter 2016, Bank Negara Malaysia)

The Malaysian economy is expected to remain steady in 2016, with real gross domestic product growth between 4% - 5% led by domestic demand. Private sector expenditure will remain the main driver of growth with private consumption and investment expected to grow by 6.4% and 6.7%, respectively. Meanwhile, Government expenditure is forecast to expand, albeit at a moderate pace, in line with efforts to strengthen the fiscal position. On the supply side, growth is expected to be broad-based, with all the sectors registering positive growth. Malaysia's external position is forecast to remain positive supported by better prospects for global growth and trade.

Against this backdrop, the nominal gross national income per capita is expected to increase by 5.6% from RM36,397 in 2015 to RM38,438 in 2016. With total investment surpassing savings, the savings-investment gap is expected to narrow between 0.5% - 1.5% of gross national income.

The economy will continue to operate under conditions of full employment with the unemployment rate remaining below 4%. Despite a weak ringgit, inflation is expected to remain benign attributed to low oil prices and the waning impact of good services tax. For 2016, inflation is expected to range between 2% - 3%. The Government remains committed to fiscal consolidation. The fiscal deficit is expected to further decline to 3.1% of GDP in 2016 (2015: 3.2%) while the Federal Government debt level will remain manageable within the prudent limit of 55% of GDP.

(Source: Economic Report 2015/2016 – Chapter 1, Economic Management and Prospects)

9.2 Overview and outlook of the Malaysian ICT industry

The ICT services subsector contribution to GDP is estimated to increase from 5.2% in 2010 to 5.5% in 2015, while the ICT manufacturing subsector contribution is estimated to decrease from 4.6% in 2010 to 3.9% in 2015, reflecting the transition of the ICT sector from manufacturing towards higher value-added services. As per the ICT Satellite Account (1), employment in the industry increased by 2.2% per annum from 762,800 in 2010 to 779,500 in 2013, due to new job creation in the ICT trade and services subsectors. Net exports of the ICT industry declined from RM54.3 billion in 2010 to RM45.0 billion in 2013. This was due to a drop in the ICT goods exports percentage from total exports, from 29.4% in 2010 to 25.4% in 2013.

The Eleventh (11th) Malaysia Plan 2016-2020 emphasises on driving ICT in the knowledge economy through innovation and productivity to enhance competitiveness and wealth creation. Within the ICT industry, focus will be given to the development of digital content under the content and media subsector, as well as software solutions and services, as these are potential areas for wealth creation and participation of local companies. The growth of the ICT industry will, in turn, drive the demand for robust digital infrastructure, fundamental to Malaysia's competitiveness.

International Data Corporation estimated the worldwide internet of things market to grow to more than RM10 trillion while the National Internet of Things Strategic Framework estimated the local market size to be RM9.8 billion in 2020. Hence, an internet of things industry will be developed to tap into the global and domestic markets by enhancing the regulatory framework to cater for its implementation, strengthening R&D, developing standards, upgrading infrastructure and leveraging on existing initiatives. Technopreneur capabilities in internet of things applications and services will be strengthened through various small medium enterprises development and incubation programs. The development of the internet of things industry will focus on healthcare, logistics, agriculture, smart cities, halal industry and advanced manufacturing.

Note:

(1) The ICT Satellite Account was established in 2012 and implemented by Ministry of Finance to measure the progress of the ICT industry development, namely in the services, trade, manufacturing, e-commerce, and content and media subsectors.

In order to achieve an 18.2% or approximately RM324.9 billion ICT contribution to GDP by the year 2020, initiatives to be undertaken during the Eleventh (11^{th}) Malaysia Plan period include the development of technology focus areas, infusion of ICT in other sectors and building the support ecosystem. It is targeted that the ICT industry registers an annual average growth rate of 10.7% from 2016 to 2020 and Malaysia to maintain its position as a net exporter of ICT products and services valued at RM56.8 billion in 2020.

The Eleventh (11^{th}) Malaysia Plan emphasises on driving ICT in the knowledge economy by re-energising the ICT industry from supply- to demand-driven, consumption to production and low knowledge- to high knowledge-add. Efforts will also be undertaken to enculturate R&D, develop high quality ICT talent, improve digital infrastructure and pursue digital inclusion. These strategies will give Malaysia a competitive edge in the global landscape through increased innovation and productivity, while catalysing the achievement of an advanced economy and inclusive nation.

(Source: Eleventh (11th) Malaysia Plan, 2016-2020)

Growth of the information and communication subsector remained robust (8.5%; 4Q 2015: 9.2%), benefitting from sustained demand for data communication services.

(Source: Quarterly Bulletin, First (1st) Quarter 2016, Bank Negara Malaysia)

9.3 Prospects of our Group

Our Group is principally involved in the provision of mobile solution services with mobile value added services and the development of mobile based applications, particularly within the mobile phone industry.

Our Group remains committed in maintaining its focus on introducing innovative products/software and mobile solution services to ensure our Group adapts to the fast changing trends in the ICT industry. As part of our Company's continuing effort to provide mobile value added services, our Group will expand the awareness and accessibility of its products/software and services which include, but not limited to, an interactive marketing tool (i3 Interactive Touch Screen Digital Terminals or i3 Display), a voice recognition based learning application (SpeakEZ) and a platform to create customised mobile application for individuals and companies (GetSnapps).

The i3 Display was introduced at the end of 2013 as a high definition touch screen terminal and a highly versatile interactive marketing tool. Over the years, it has gained its popularity among exhibitions, car showrooms, property showrooms, event organisers and departmental stores. The i3 Display terminal operates on a customised application and could be integrated with our Group's cloud base content management system operating on an Android based platform, which is fully developed in-house. Such software solution provides interactive and passive applications, which can be customised for various industries. The main features of the i3 Display are, amongst others, touch screen functionality, online connectivity for data collections, via quick response code scanning functionality to disseminate information/brochures, promotional flyers, discount coupons and so on.

Our Group has since secured customers through amongst others, approximately thirty five (35) units outright sale, over two hundred (200) short-term/long-term leasing agreements (twelve (12) to thirty six (36) months agreements) and six (6) units with twelve (12) months profit sharing arrangements based on advertising revenue, subject to further renewal, from these terminals. Now, i3 Display is also packaged for use at other events such as weddings and social gatherings. Moving forward, with further augmented reality based applications, video cameras, printers and Near Field Communication technologies, the acceptance and utilisation of these terminals in various industries is expected to improve with demands and more sophisticated applications.

In view of the changing new technologies in the market at a faster pace, our Group is required to adapt with the rapid changes in technological advancement. Hence, our Group is required to spend on research and development on continuous basis to improve on these existing software platforms as well as to develop new platforms for new technologies/devices according to the market requirements. Amongst others, the platforms developed by our expertise of the programming teams include content management system for SpeakEZ and GetSnapps as follows:

- SpeakEZ is an innovative and interactive language proficiency tool using voice recognition software, integrated with artificial intelligence applications to help individual or school learning and teaching English and Chinese. Moving forward, our Group is working to enhance the features, contents and to include additional foreign languages, such as Indonesian and Thai languages.

- GetSnapps is a cloud base platform which allows users to create mobile applications for their businesses, such as restaurants, retail stores, fitness centres, education, hotels and others. The content of the mobile applications created would include functionalities such as customer support, custom quick response code, maps, loyalty program, proximity promotion alert, push notifications, reservation, social network integration, payment gateway integration and advertisement banner. In order to ensure that GetSnapps is able to cater for all sorts of business requirements, our Group needs to make continuous enhancement with new features to the platform, such as new type of businesses, improved stability and interface.

Another significant area of business for our Group is the procurement and distribution of a wide range of technology products for the consumer market. Historically, our Group has been successfully distributing GPS devices, driving video recorders, LED lighting, smart home solutions devices and others, through over two hundred (200) dealers nationwide. As every product has an eventual lifecycle, our Group is required to continuously innovate by offering new models/enhancements on existing products/software as well as introducing innovative transportation device with GPS software and other new product categories, such as smart home solution devices. These smart home solution devices, namely WiFi enabled switches, sockets, WiFi-InfraRed remote controls and LED bulbs, could connect to a hub linking them to a mobile application developed in-house that allows users to control these smart home solution devices.

As such, the proceeds from the Rights Issue with Warrants will enable our Group to purchase i3 Display terminals, digital screens, components and parts to cope with the increased demand for these products/software and mobile solution services. It will also focus on the further development of our products/software and distribution product range. We will continuously purchase new stock for the existing in-demand products, whilst investing in stock for new product categories to be introduced. It will also be used to launch advertising and marketing campaigns to promote its offerings and further expand the awareness and accessibility of these products/software and services in the local marketplace.

With the implementation of the Rights Issue with Warrants, our Group is able to tap into the equity market to expeditiously raise funds to support the funding requirements as detailed in Section 5 of this AP to expand the business operations, working capital and to promote our products/software. With the growing popularity for i3 Display terminal, our Board believes that the use of the funds raised for the promotion of our products/software would support our business growth. This is expected to contribute positively to the future earnings and further improve the financial position of our Group.

As stated in Section 8 of this AP, the Rights Issue with Warrants is expected to increase the issued and paid-up share capital and the NA of our Company. However, the increase in the number of M3Tech Shares will have dilutive impact on the EPS and NA per M3Tech Share. Despite the dilutive effect, the Rights Issue with Warrants is expected to have a positive impact on the earnings of our Group by providing our Group with necessary funding to embark on advertising and marketing campaigns, which is needed by our Group to promote our range of products/software. In addition, the Rights Issue with Warrants will enable our Group to raise funds without incurring interest cost as opposed to bank borrowings and the reduction in the gearing of our Group, and this will directly enhance the shareholders' value.

Our Board envisages that upon completion of the Rights Issue with Warrants, our Group would be in a better financial position as the funds raised from the Rights Issue with Warrants would enable our Group to support its business growth and is expected to contribute positively to the future earnings of our Group.

To achieve our Group's objectives to improve the financial performance, increase efficiency with better utilisation of our Group's resources and via streamlining the business operations to control the costs, our Group had undertaken and continue to undertake, amongst others, the following steps to improve further the financial conditions:

(i) implement continuous cost saving measures, such as tight expenses control on both fixed and variable costs (i.e. administrative staff costs and electricity usage) and streamlining processes to effectively manage the operating costs.

(ii) increase sales and marketing efforts by amongst others, participating in exhibitions to promote the awareness and accessibility of our products/software and services. As part of our continuing marketing efforts, our Company had on 2 March 2016, entered into a memorandum of understanding ("**MOU**") with a company in the PRC specialised in the development, production and marketing of liquid crystal display and LED displays. Pursuant to the MOU, our Group will provide our software together with support services and to leverage on the presence of its partner in worldwide export markets, which allows our Company to further penetrate the local and global markets to promote our GetSnapps and i3 Display's content management system. As at the LPD, there has been no material development since 2 March 2016; and

(iii) continue to focus on quality and meeting clients' demands of the mobile solution services.

After considering the outlook, prospects and demand for mobile solution services, our Board is optimistic that the business strategies of our Group to focus on the development, introduction and marketing of the innovative products/software and services, would augur well for the growth of our Group moving forward.

Given the positive outlook of the ICT industry supported by the rapid growth of smartphone and tablet subscribers/users, our Board expects its continuing efforts on products research and development as well as the marketing and fine-tuning of our products would have positive impact on the revenue and financial performance of our Group.

10. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Working capital

Our Board is of the opinion that, after taking into account our Group's cash in hand, banking facilities available and the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this AP to meet our present and foreseeable future working capital requirements.

10.2 Borrowings

As at the LPD, our Group's total outstanding borrowings of approximately RM0.61 million, all of which are interest-bearing, are as follows:

	Short-term RM	Long-term RM	Total RM
Term loan	55,020	420,433	475,453
Obligation under finance leases	99,437	36,870	136,307
Total	**154,457**	**457,303**	**611,760**

The total outstanding borrowings above are inclusive of the following borrowings denominated in the following currencies, but expressed in RM terms:

	RM
THB	20,698
IDR	25,223
RM	565,839
Total	**611,760**

As at the LPD, there has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) FYE 2015 and the subsequent financial period thereof, immediately preceding the LPD.

10.3 Material commitments

There are no material commitments contracted or known to be contracted by our Group which may have a substantial impact on the results or the financial position of our Group as at the LPD.

10.4 Contingent liabilities

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group as at the LPD.

(i) In 2013, a musician/singer along with another company filed a civil suit against twelve (12) defendants for infringement of rights for using the songs illegally and unlawfully, and proceeded for recovery of damages and royalty in the amount of Rupees 165,600,000 (approximately more than RM6.00 million). Amongst the twelve (12) defendants, M3 Technologies Pakistan (Private) Limited ("**M3Tech Pakistan**"), a subsidiary of our Company, was named as the 12th Defendant.

As at the LPD, there is no single specific allegation against M3Tech Pakistan, which means M3Tech Pakistan was only mentioned in the subject of the suit but no specific monetary relief was claim against M3Tech Pakistan. As such, the management of M3Tech Pakistan and the legal advisors are confident that it would be able to successfully defend itself. In any event, M3Tech Pakistan had obtained such content from a company in Pakistan through a license agreement, there is an indemnity clause to protect M3Tech Pakistan's interest.

The case is pending before the Honorable Session Court and the next hearing date is fixed on 26 July 2016.

11. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As you are an Entitled Shareholder of our Company, your CDS account(s) will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of the number of such Provisional Rights Shares with Warrants into your CDS account(s) and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted, as well as apply for the excess Rights Shares with Warrants if you wish to do so.

FULL PROCEDURES FOR THE ACCEPTANCE, PAYMENT, SALE/TRANSFER AND THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION ARE SET OUT IN THIS SECTION AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

11.1 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants must be made on the RSF issued with this AP and completed in accordance to the notes and instructions printed on the RSF. At the absolute discretion of our Board, we may not accept acceptances which do not strictly conform to the terms of this AP or the RSF or the notes and instructions printed in these Documents.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants, please complete Part I(a) and Part II of the RSF in accordance with the notes and instructions contained in the RSF. You must despatch the completed and signed RSF together with the relevant remittance by ORDINARY POST, COURIER or DELIVERED BY HAND in the official envelope provided at your own risk to our Share Registrar at the following address:

Securities Services (Holdings) Sdn. Bhd. *(36869T)*
Suite 18.05 MWE Plaza
No. 8 Lebuh Farquhar
10200 Penang

Tel No: +604 – 263 1966
Fax No: +604 – 262 8544

and should reach our Share Registrar **not later than 5.00 p.m. on Thursday, 28 July 2016**, being the last date and time for acceptance and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

You can use one (1) RSF for the acceptance of the Provisional Rights Shares with Warrants standing to the credit of one (1) CDS account. Separate RSF must be used for the acceptance of the Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS accounts. If successful, the Rights Shares with Warrants accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this AP. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

If you do not wish to accept the Provisional Rights Shares with Warrants in full, you are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants. Successful applicants of the Provisional Rights Shares will be given the Warrants on the basis of three (3) Warrants for every four (4) Rights Shares successfully subscribed for. The minimum number of the Provisional Rights Shares with Warrants that can be subscribed for or accepted is two (2) Right Shares. However, three (3) Warrants will be issued for every four (4) Rights Shares subscribed for. Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on ACE Market of Bursa Securities. You should take note that a trading board lot comprises one hundred (100) Rights Shares and Warrants, respectively.

Each completed RSF must be accompanied by appropriate remittance in RM for the full amount payable in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**M3TECH RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than as stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL RIGHTS SHARES WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

If the acceptance of and payment for the Provisional Rights Shares with Warrants is not received by our Share Registrar **by 5.00 p.m. on Thursday, 28 July 2016** or such later date and time as may be determined and announced by our Board, you and/or your renouncee(s)'/transferee(s)' (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such Provisional Rights Shares with Warrants not taken up will be allotted to applicants for the excess Rights Shares with Warrants in the manner as set out in Section 11.3 of this AP.

11.2 Procedures for sale/transfer of the Provisional Rights Shares with Warrants

The Provisional Rights Shares with Warrants are renounceable. If you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares with Warrants.

In selling or transferring all or part of your entitlement to the Provisional Rights Shares with Warrants, you need not deliver the RSF or any document to your stockbroker. **You are however advised to ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS account(s) before selling or transferring.**

Renouncee(s)/transferee(s) of the Provisional Rights Shares with Warrants may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

If you have sold or transferred only part of your entitlement to the Provisional Rights Shares with Warrants, you may still accept the balance of your entitlement to the Provisional Rights Shares with Warrants by completing both Part I(a) and Part II of the RSF and deliver the completed and signed RSF together with the relevant remittance to our Share Registrar in the manner as set out in Section 11.1 of this AP.

If you sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you will automatically be selling or transferring your entitlement to all or part of the Rights Shares with Warrants.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

11.3 Procedures for excess Rights Shares with Warrants application

If you wish to apply for additional Rights Shares with Warrants in excess of those provisionally allotted to you, please complete Part I(b) of the RSF (in addition to both Part I(a) and Part II) and forward it together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for, to our Share Registrar **not later than 5.00 p.m. on Thursday, 28 July 2016**, being the last date and time for application and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner as described in Section 11.1 of this AP, with remittance in in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**M3TECH EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

Our Board reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason thereto. It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, applied for under Part II of the RSF on a fair and equitable basis as they deem fit and expedient and in the best interest of our Company. The basis of allotment of the excess Rights Shares with Warrants will be in the following order of priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, after the occurrence of (i) above, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, after the occurrence of (i) and (ii) above, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess Rights Shares with Warrants application; and

(iv) lastly, after the occurrence of (i), (ii) and (iii) above, for allocation to renouncee(s)/transferee(s) who have applied for the excess Rights Shares with Warrants on a pro-rata basis and in board lot, based on the quantum of their respective excess Rights Shares with Warrants application.

In the event of any balance of excess Rights Shares with Warrants after the above allocations are completed, the balance of excess Rights Shares with Warrants will be allocated again through the processes (ii), (iii) and (iv) above until all excess Rights Shares with Warrants are fully allocated.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

11.4 Procedures to be followed by renouncee(s)/transferee(s)

Renouncees/transferees may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

The procedures for acceptance, selling/transferring of the Provisional Rights Shares with Warrants, excess Rights Shares with Warrants application and/or payment by the renouncee(s)/transferee(s) are the same as that which are applicable to you as described in Sections 11.1 to 11.3 of this AP.

RENOUNCEES/TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

11.5 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares with Warrants are prescribed securities and as such, all dealings in the Provisional Rights Shares with Warrants will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS account in order to subscribe for the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected.

If you have multiple CDS accounts into which the Provisional Rights Shares with Warrants have been credited, you cannot use a single RSF for acceptance of all these Provisional Rights Shares with Warrants. Separate RSF must be used for separate CDS accounts. If successful, the Rights Shares with Warrants accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants are standing to the credit.

11.5.1 Acceptance of the Provisional Rights Shares with Warrants by our Entitled Shareholders

Your acceptance of the Provisional Rights Shares with Warrants shall mean that you consent to receive such Rights Shares with Warrants as prescribed securities which will be credited directly into your CDS account(s). Hence, the Rights Shares with Warrants will be credited directly into your CDS account(s) upon allotment and issuance.

11.5.2 Acceptance of the Provisional Rights Shares with Warrants by renouncee(s)/ transferee(s)

If you intend to accept the Provisional Rights Shares with Warrants, you must state your CDS account number in the RSF whereupon the Rights Shares with Warrants will be credited directly as prescribed securities into your CDS account(s) upon allotment and issuance.

11.5.3 Application for excess Rights Shares with Warrants by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable)

If you are successful in applying for the excess Rights Shares with Warrants, such excess Rights Shares with Warrants will be credited directly as prescribed securities into your CDS account(s) upon allotment and issuance. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as set out in Section 11.3 of this AP.

11.6 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. The Documents will not be sent to our Entitled Shareholders without an address in Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to.

PIVB, our Company, our Board and our officers and other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become illegal, unenforceable, voidable or void in any such foreign jurisdiction.

Further, foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or any other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against PIVB, our Company, our Board and our officers and other experts in respect of their rights or entitlements under the Rights Issue with Warrants.

Such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Rights Issue with Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he or she must not seek to accept the offer unless he or she has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights Issue with Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Issue with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia or other jurisdictions.

By signing any of the forms accompanying this AP, the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, our Company, our Board and our officers and other experts that:

(i) we would not, by acting on the acceptance and/or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance and/or renunciation;

(iii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance and/or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Provisional Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have respectively received a copy of this AP and have had access to such financial and other information and have been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and

(vi) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

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12. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants under the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

13. ADDITIONAL INFORMATION

You are requested to refer to the attached appendices for additional information.

Yours faithfully,
for and on behalf of our Board
M3 TECHNOLOGIES (ASIA) BERHAD

Lim Seng Boon
Managing Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 25 NOVEMBER 2015

CERTIFIED TRUE COPY

....
TEA SOR HUA
Company Secretary
MACS 01324

30 MAY 2016

M3 TECHNOLOGIES (ASIA) BERHAD
(482772-D)
(Incorporated in Malaysia)

This is an Extract of the Minutes of the Extraordinary General Meeting of M3 TECHNOLOGIES (ASIA) BERHAD ("M3Tech" or "the Company") held at Eugenia Room, Ground Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 25 November 2015 at 10.00 a.m.

THE SHAREHOLDERS RESOLVED THAT the following Ordinary Resolution, be approved:

ORDINARY RESOLUTION 1
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 395,152,428 NEW ORDINARY SHARES OF RM0.10 EACH IN M3TECH ("M3TECH SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 296,364,321 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF FOUR (4) RIGHTS SHARES TOGETHER WITH THREE (3) WARRANTS FOR EVERY TWO (2) EXISTING M3TECH SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 80,000,000 RIGHTS SHARES TOGETHER WITH 60,000,000 WARRANTS ("MINIMUM SUBSCRIPTION LEVEL") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT**, subject to the passing of Ordinary Resolution 10 and Special Resolution 1 and the approvals of all relevant authorities including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new M3Tech Shares to be issued arising from the exercise of the Warrants, approval be and is hereby given to the Directors of the Company to:

(i) provisionally allot and issue by way of renounceable rights issue of up to 395,152,428 Rights Shares together with up to 296,364,321 free detachable Warrants at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares together with three (3) Warrants for every two (2) existing M3Tech Shares held on the Entitlement Date;

(ii) deal with any fractional entitlements under the Proposed Rights Issue with Warrants arising from any reason whatsoever as the Board of Directors of the Company ("**Board**") may at its absolute discretion deem fit and expedient and in the best interest of the Company;

(iii) deal with any unsubscribed Rights Shares made available to the other entitled shareholders and/or renouncee(s)/transferee(s) under the excess Rights Shares with Warrants application and to allocate the excess Rights Shares in a fair and equitable manner to be determined and announced later by the Board;

(iv) utilise the proceeds to be derived from the Proposed Rights Issue with Warrants in the manner as set out in Section 2.1.6 of the Circular and the Directors of the Company be and are hereby authorised to revise the manner and purpose of utilisation of proceeds as they may deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities;

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 25 NOVEMBER 2015 *(Cont'd)*

CERTIFIED TRUE COPY

TEA SOR HUA
Company Secretary
MACS 01324
30 MAY 2016

M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)

Extract of the Minutes of the Extraordinary General Meeting of the Company held on 25 November 2015.....cont'd

(v) create and issue the free Warrants based on the indicative principal terms as set out in Appendix I of the Circular and the terms and conditions of a Deed Poll to be executed by the Company constituting the Warrants ("**Deed Poll**");

(vi) allot and issue such further free Warrants as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll;

(vii) allot and issue the new M3Tech Shares arising from the exercise of the Warrants (including further free Warrants arising from any adjustments under the provisions of the Deed Poll); and

(viii) enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as the Directors of the Company may deem fit or expedient in order to finalise, implement and to give effect to the Deed Poll;

THAT the Rights Shares and the new M3Tech Shares to be issued upon exercise of any Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing M3Tech Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the Rights Shares and the new M3Tech Shares to be issued upon exercise of any Warrants;

AND THAT the Directors of the Company be and are hereby empowered and authorised to do all such acts and things, take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to finalise, implement and/or give full effect to the Proposed Rights Issue with Warrants with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by any relevant authority or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company."

CONFIRMED BY,

COMPANY DIRECTOR
CHEW SHIN YONG, MARK

COMPANY DIRECTOR
LIM SENG BOON

DATED: 6 MAY 2016

INFORMATION OF OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 6 May 1999 as a private company limited by shares under the name of Messaging Technologies Sdn. Bhd. Subsequently, on 31 May 2002, we changed our name to AKN Messaging Technologies Sdn. Bhd. and was listed on the MESDAQ Market (now known as the ACE Market) of Bursa Securities on 20 June 2002 under the name of AKN Messaging Technologies Berhad. Our Company assumed our present name on 6 December 2007.

2. PRINCIPAL ACTIVITIES

Our Company is principally involved in the provision of mobile solutions services with value added services and the development of mobile based applications, particularly within the mobile phone industry. The principal activities of our subsidiaries are set out in Section 6 of this Appendix.

3. SHARE CAPITAL

The authorised and issued and paid-up share capital of our Company as at the LPD is as follows:

Type	No. of M3Tech Shares	Par value RM	Amount RM
Authorised [(a)]	2,000,000,000	0.10	200,000,000
Issued and paid-up [(b)]	197,320,440	0.10	19,732,044

Notes:

(a) On 25 November 2015, our authorised share capital has been increased from RM25,000,000 comprising 250,000,000 M3Tech Shares to RM200,000,000 comprising 2,000,000,000 M3Tech Shares.

(b) Including 2,557,500 Treasury Shares.

The changes in the issued and paid-up share capital of our Company for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of M3Tech Shares allotted	Par value RM	Type of issue/Consideration	Cumulative issued and paid-up share capital RM
10 June 2015	6,000,000	0.10	First (1^{st}) tranche of private placement involving issuance of 6,000,000 M3Tech Shares at an issue price of RM0.130 each	18,561,474
12 November 2015	11,705,700	0.10	Second (2^{nd}) and final tranche of private placement involving issuance of 11,705,700 M3Tech Shares at an issue price of RM0.105 each	19,732,044

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4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Scheme is not expected to have an immediate effect on our Company's substantial shareholders' shareholdings until such time when the Options are granted and exercised. Any potential effect on our Company's substantial shareholders' shareholdings will depend on the number of new M3Tech Shares to be issued upon exercise of the Options. Based on the Register of Substantial Shareholders of our Company, the shareholdings of the substantial shareholders (holding 5% or more) of our Company as at the LPD and the pro forma effects of the Rights Issue with Warrants is set out below.

Minimum Scenario

	As at the LPD				(I) Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of M3Tech Shares ('000)**	**% [a]**	**No. of M3Tech Shares ('000)**	**% [a]**	**No. of M3Tech Shares ('000)**	**%**	**No. of M3Tech Shares ('000)**	**%**	**No. of M3Tech Shares ('000)**	**%**	**No. of M3Tech Shares ('000)**	**%**
LSB	13,605	6.99	24,186 [b]	12.42	53,605	19.51	24,186	8.80	83,605	24.97	24,186	7.22
Goh Lee Lang	24,186	12.42	13,605 [c]	6.99	24,186	8.80	53,605	19.51	24,186	7.22	83,605	24.97
Mark	2,130	1.09	1,333 [d]	0.68	42,130	15.33	1,333	0.49	72,130	21.55	1,333	0.40
Papago (H.K.) Limited	17,637	9.06	-	-	17,637	6.42	-	-	17,637	5.27	-	-
XOX Bhd	11,690	6.00	-	-	11,690	4.25	-	-	11,690	3.49	-	-

Notes:

(a) Excluding 2,557,500 Treasury Shares.

(b) Deemed interested by virtue of his spouse, Madam Goh Lee Lang's shareholdings in M3Tech.

(c) Deemed interested by virtue of her spouse, Mr. LSB's shareholdings in M3Tech.

(d) Deemed interested by virtue of his beneficial interest in Marmark (BVI) Limited pursuant to Section 6A of the Act.

INFORMATION OF OUR COMPANY *(Cont'd)*

Maximum Scenario

Substantial shareholders	As at the LPD				(I) After the Treasury Shares are resold in the open market				(II) After (I) and the Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of M3Tech Shares ('000)	% [a]	No. of M3Tech Shares ('000)	% [a]	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%
LSB	13,605	6.99	24,186 [b]	12.42	13,605	6.89	24,186	12.26	40,815	6.89	72,560	12.26	61,223	6.89	108,840	12.26
Goh Lee Lang	24,186	12.42	13,605 [c]	6.99	24,186	12.26	13,605	6.89	72,560	12.26	40,815	6.89	108,840	12.26	61,223	6.89
Mark [d]	2,130	1.09	1,333 [e]	0.68	2,130	1.08	1,333	0.68	6,391	1.08	4,000	0.68	9,587	1.08	6,000	0.68
Papago (H.K.) Limited	17,637	9.06	-	-	17,637	8.94	-	-	52,912	8.94	-	-	79,368	8.94	-	-
XOX Bhd	11,690	6.00	-	-	11,690	5.92	-	-	35,070	5.92	-	-	52,605	5.92	-	-

Notes:

(a) Excluding 2,557,500 Treasury Shares.

(b) Deemed interested by virtue of his spouse, Madam Goh Lee Lang's shareholdings in M3Tech.

(c) Deemed interested by virtue of her spouse, Mr. LSB's shareholdings in M3Tech.

(d) Under the Maximum Scenario, Mr. Mark would not be a substantial shareholder of our Company. However, under the Minimum Scenario, he would be a substantial shareholder of our Company pursuant to his Irrevocable Undertaking.

(e) Deemed interested by virtue of his beneficial interest in Marmark (BVI) Limited pursuant to Section 6A of the Act.

5. PARTICULARS OF DIRECTORS

5.1 Details of Directors

The particulars of our Directors as at the LPD are as follows:

Name of Directors	Age	Profession	Nationality	Address
Chew Shin Yong, Mark *(Executive Chairman)*	48	Information technology and entrepreneur	Singaporean	5/F, Man On Commercial Building 12-13, Jubilee Street Central Hong Kong
Lim Seng Boon *(Managing Director)*	59	Information technology and entrepreneur	Malaysian	No. 35, Jalan Westlands 10400 Penang
Chin Chee Wing *(Independent Non-Executive Director)*	60	Entrepreneur	Malaysian	No. 6, Jalan USJ 5/3F 47610 Subang Jaya Selangor
Lim Kooi Siang *(Independent Non-Executive Director)*	65	Accountant	Malaysian	1-T, Medan Tembaga 11600 Georgetown Pulau Pinang
Choong Eng Choon *(Independent Non-Executive Director)*	59	Architect	Malaysian	No. 25, Lorong Bintang Dua 11200 Tanjong Bungah Pulau Pinang
Yeoh Boon Hock *(Independent Non-Executive Director)*	61	Entrepreneur	Malaysian	No. 114, Persiaran Wangsa Baiduri 3 47500 Subang Jaya Selangor
Dato' Woo Hon Kong *(Independent Non-Executive Director)*	52	Lawyer and entrepreneur	Malaysian	No. 60, Jalan Limau Nipis Bangsar Park, Bangsar 59000 Kuala Lumpur

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5.2 Details of Directors' shareholdings

The Scheme is not expected to have an immediate effect on our Directors' shareholdings until such time when the Options are granted and exercised. Any potential effect on our Directors' shareholdings will depend on the number of new M3Tech Shares to be issued upon exercise of the Options. Save for the pro forma effects of the Corporate Exercises on our Director's shareholdings as disclosed below, none of our other Directors have any direct and/or indirect shareholdings in our Company as at the LPD.

Minimum Scenario

	As at the LPD				(I) Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	No. of M3Tech Shares ('000)	% [a]	No. of M3Tech Shares ('000)	% [a]	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%
LSB	13,605	6.99	24,186 [b]	12.42	53,605	19.51	24,186	8.80	83,605	24.97	24,186	7.22
Mark	2,130	1.09	1,333 [c]	0.68	42,130	15.33	1,333	0.49	72,130	21.55	1,333	0.40
Choong Eng Choon	10	- [d]	-	-	10	- [d]	-	-	10	- [d]	-	-

Maximum Scenario

	As at the LPD				(I) After the Treasury Shares are resold in the open market				(II) Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	No. of M3Tech Shares ('000)	% [a]	No. of M3Tech Shares ('000)	% [a]	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%	No. of M3Tech Shares ('000)	%
LSB	13,605	6.99	24,186 [b]	12.42	13,605	6.89	24,186	12.26	40,815	6.89	72,560	12.26	61,222	6.89	108,840	12.26
Mark	2,130	1.09	1,333 [c]	0.68	2,130	1.08	1,333	0.68	6,391	1.08	4,000	0.68	9,587	1.08	6,000	0.68
Choong Eng Choon	10	- [d]	-	-	10	- [d]	-	-	30	- [d]	-	-	45	- [d]	-	-

Notes:

(a) Excluding 2,557,500 Treasury Shares.

(b) Deemed interested by virtue of his spouse, Madam Goh Lee Lang's shareholdings in M3Tech.

(c) Deemed interested by virtue of his beneficial interest in Marmark (BVI) Limited pursuant to Section 6A of the Act.

(d) Negligible as less than 0.01%.

6. SUBSIDIARIES AND ASSOCIATED COMPANY

The details of our subsidiaries as at the LPD are as follows:

Name of subsidiaries	Date/Place of incorporation	Issued and paid-up share capital (RM) *(unless stated otherwise)*	Effective equity interest (%)	Principal activities
M3 Asia Sdn. Bhd.	10 April 2009/ Malaysia	500,000	100	Involved in distribution and retailing of fast-moving electronic goods and related products
M3 Online Sdn. Bhd.	10 April 2009/ Malaysia	2	100	Involved in research and development of software
M3 Mobile Technologies (S) Pte. Ltd.	26 May 2003/ Singapore	SGD2	100	Involved in provision of mobile solutions
M3Asia Distribution (S) Pte. Ltd.	1 October 2009/ Singapore	SGD100,000	60	Involved in distribution and retailing of fast-moving electronic goods and related products
Messaging Technologies (H.K.) Limited	17 January 2001/ Hong Kong, Special Administrative Region of PRC	HKD5,789,474	100	Involved in provision of mobile solutions
M3 Technologies (Thailand) Co., Ltd.	13 August 2003/ Thailand	THB35,000,000	95	Involved in provision of mobile solutions, distribution and retailing of fast-moving electronic goods and related products
M3 Technologies Pakistan (Private) Limited	14 July 2004/ Pakistan	Pakistani Rupee 15,000,000	60	Involved in provision of mobile solutions
PT Surya Genta Perkasa	25 June 2003/ Indonesia	IDR930,000,000	80	Involved in provision of mobile solutions, distribution and retailing of fast-moving electronic goods and related products

INFORMATION OF OUR COMPANY *(Cont'd)*

Name of subsidiaries	Date/Place of incorporation	Issued and paid-up share capital (RM) *(unless stated otherwise)*	Effective equity interest (%)	Principal activities
Virtue Partner International Limited	21 April 2006/ British Virgin Islands	USD240,002	100	Investment holding company
Held under M3 Asia Sdn. Bhd.				
M3Shoppe (Asia) Sdn. Bhd.	3 December 2012/ Malaysia	2	100	Involved in online buying and selling e-commerce, online store infrastructure and operational platforms, importing, exporting, trading, distributing, dealing and retailing in comprehensive range of mobile gadgets, electronic products and other related IT services
Held under Messaging Technologies (H.K.) Limited				
M3 Technologies (Xiamen) Co., Ltd.	18 December 2003/ PRC	HKD10,000,000	95	Involved in provision of mobile solutions
M3 Technologies (Shen Zhen) Company Limited	16 July 2009/ PRC	HKD600,000	100	Involved in sourcing of products for the Group of companies
Way Way Innovations Company Limited	6 October 2009/ Hong Kong, Special Administrative Region of PRC	HKD1	100	Dormant
Held under M3 Technologies Pakistan (Private) Limited				
M3 Technologies Middle East FZE	10 April 2012/ United Arab Emirates	Arab Emirates Dirham 2,000,000	60	Involved in provision of mobile solutions
Held under M3 Technologies (Xiamen) Co., Ltd.				
M3 Interactive (Shen Zhen) Co., Ltd	21 December 2012/ PRC	HKD2,000,000	95	Involved in provision of e-Educational services

The details of our associated company as at the LPD are as follows:

Name of associated company	Date/Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Fotokem	2 July 1981/ Malaysia	RM1,600,000	23.993 [(a)]	Trading in photographic, digital, electronic and ICT goods & services

Note:

(a) Our Company had entered into a settlement agreement dated 7 June 2016 to amongst others, dispose an aggregate of 383,900 ordinary shares of RM1.00 in Fotokem, representing 23.993% of the issued and paid-up ordinary share capital of Fotokem to the Parties. As at the LPD, the disposal is pending completion and the details of the settlement agreement are set out in Section 3 of Appendix VII of this AP.

7. PROFIT AND DIVIDEND RECORD

The profit records based on our Group's audited consolidated results for the FYEs 2013, 2014 and 2015 and the latest unaudited nine (9)-month consolidated results for the FPEs 31 March 2015 and 31 March 2016 are as follows:

	Audited FYE			Unaudited FPE 31 March	
	2013 RM'000	2014 RM'000	2015 RM'000	2015 RM'000	2016 RM'000
Revenue	49,869	38,885	35,288	24,763	32,011
Gross profit	22,631	12,780	13,134	11,781	16,105
Other income	538	588	2,847	95	182
Share of results of an associate	-	(27)	(231)	(536)	(753)
Share of results of a joint venture	(35)	(15)	-	11	-
(Loss)/Profit before interest, taxation, depreciation and amortisation	(3,501)	(11,537)	(643)	(1,116)	2,492
Depreciation & amortisation	(2,716)	(3,230)	(2,166)	(1,870)	(1,729)
Finance costs	(33)	(47)	(39)	(29)	(29)
(Loss)/Profit before taxation	(6,250)	(14,814)	(2,848)	(3,015)	734
Taxation	(1,206)	(558)	(626)	(441)	(1,116)
LAT	(7,456)	(15,371)	(3,474)	(3,456)	(382)
(Loss)/Profit attributable to:					
- equity holders of our Company	(8,063)	(15,543)	(4,365)	(4,013)	(1,983)
- minority interests	607	172	891	557	1,601
Gross profit margin (%)	45.38	32.87	37.22	47.58	50.31
Loss margin (%)	(14.95)	(39.53)	(9.84)	(13.96)	(1.19)
Weighted average no. of M3Tech Shares (excluding the treasury shares) ('000) [(a)]	171,692	177,057	177,557	177,057	188,390
Basic and diluted loss per Share [(b)] (sen)	(4.70)	(8.78)	(2.46)	(2.27)	(1.05)

Notes:

(a) Excluding treasury shares held by our Company.

(b) The basic and diluted loss per Share are the same as our Company does not have any outstanding convertible instruments.

(c) There was no dividend paid, proposed or declared by our Company for the last three (3) FYEs 2013, 2014 and 2015, and up to the LPD.

Commentaries on past performance:

FYE 2013 as compared to FYE 2012

Our Group's revenue decreased by RM6.42 million (-11.4%) from the FYE 2012 due mainly to the lower sales from the mobile solutions business as a result of the then stringent guidelines imposed by the authorities in Thailand to restrict the subscription of messaging services in the market. Besides, greater competitions in the market had also affected our Group's sales.

Moreover, our Group recorded a LAT of RM7.46 million for the FYE 2013 as opposed to the profit after taxation of RM5.10 million in the FYE 2012, representing a decrease of RM12.56 million. Apart from the decrease in revenue, the significant loss was due to the impairment of goodwill, amounted to RM7.26 million, during the FYE 2013. Over the years, several subsidiaries of M3Tech have been making losses and our Group has impaired the goodwill recorded in the book, which arose from the then acquisition of these subsidiaries.

FYE 2014 as compared to FYE 2013

Our Group's revenue decreased by RM10.98 million (-22.0%) for the FYE 2014 due mainly to the lower sales as a result of the continuous stringent guidelines imposed by the authorities in Thailand to restrict the subscription of messaging services in the market. Moreover, the market is getting more competitive, which had affected our Group's sales.

For the FYE 2014, our Group had recorded LAT of RM15.37 million, representing an increase of RM7.92 million (106.2%) as compared to the LAT for the FYE 2013 of RM7.46 million. The LAT was due mainly to the decrease in the revenue and the continuous impairment loss on goodwill, amounted to RM5.84 million, as a result of the losses reported in several subsidiaries of M3Tech.

FYE 2015 as compared to FYE 2014

Our Group's revenue decreased by RM3.60 million (-9.25%) for the FYE 2015 due mainly to the decrease in trading and distribution business as a result of the more competitive pricing in the market.

Despite a decrease in revenue, our Group had recorded LAT of RM3.47 million in the FYE 2015, representing a decrease of RM11.90 million (77.40%) as compared to the LAT for the FYE 2014 of RM15.37 million. The lower LAT was due mainly to the profit guarantee of RM1.85 million recognised in 2015 and the impairment loss was no longer required for the FYE 2015 as opposed to the impairment loss on goodwill of RM5.84 million and impairment loss of interest in a joint venture of RM0.73 million, amounted to a total of RM6.57 million recognised in the FYE 2014.

Unaudited FPE 31 March 2016 as compared to the corresponding FPE 31 March 2015

Our Group's revenue increased by RM7.25 million (29.27%) for the FPE 31 March 2016 as compared to the corresponding FPE 31 March 2015 of RM24.76 million was due mainly to increase in sales revenue generated from our mobile solution services arising from a new royalties programme launched during the financial period.

In line with the increase in the revenue, our Group had recorded a lower LAT of RM0.38 million as compared to the LAT of RM3.46 million for the corresponding FPE 31 March 2015.

8. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of the M3Tech Shares as transacted on the ACE Market of Bursa Securities for the twelve (12) months from July 2015 to June 2016:

Months	Highest RM	Lowest RM
2015		
July	0.165	0.125
August	0.160	0.105
September	0.135	0.110
October	0.140	0.110
November	0.135	0.105
December	0.120	0.105
2016		
January	0.140	0.110
February	0.120	0.105
March	0.190	0.105
April	0.195	0.155
May	0.280	0.170
June	0.325	0.095

The last transacted market price on 15 April 2015 (being the last Market Day prior to the announcement of, amongst others, the Corporate Exercises on 16 April 2015)	RM0.180
The last transacted market price on 21 June 2016 (being the LPD)	RM0.120
The last transacted market price on 8 July 2016 (being the last Market Day prior to the ex-date for the Rights Issue with Warrants)	RM0.090

(Source: Bloomberg)

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Company No. 482772-D

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON

ECOVIS®

CERTIFIED TRUE COPY

TEA SOR HUA
Company Secretary
MACS 01324

09 MAY 2016

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2015

M3 TECHNOLOGIES (ASIA) BERHAD
(Incorporated in Malaysia)
(482772 - D)

ECOVIS AHL PLT
Chartered Accountants
(LLP0003185-LCA) & (AF 001825)

www.ecovis.com.my

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

Contents

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of mobile solutions.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss net of tax	(3,474,219)	(8,285,066)
Attributable to:		
Owners of the Company	(4,364,799)	(8,285,066)
Non-controlling interests	890,580	-
	(3,474,219)	(8,285,066)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than impairment of investment in subsidiaries of the Company amounting to RM759,153 and the impairment of amount due from subsidiaries amounting to RM6,477,203 at Company level as disclosed in Note 16 and 20 to the financial statements.

DIVIDENDS

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2015.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Chew Shin Yong, Mark
Lim Seng Boon
Chin Chee Wing
Lim Kooi Siang (Appointed w.e.f. 8.12.2014)
Choong Eng Choon (Appointed w.e.f. 8.12.2014)
Yeoh Boon Hock (Appointed w.e.f. 8.12.2014)
Lester Ratnakumar Neil Francis (Resigned w.e.f 23.10.2015)
Mark Wing Kong (Retired w.e.f. 4.12.2014)
Muhammad Nagib Gopal Bin Abdullah (Retired w.e.f. 4.12.2014)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or its related corporations with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company during the financial year were as follows:

	← Number of ordinary shares of RM0.10 each →			
	At 1 July 2014	**Acquired**	**Sold**	**At 30 June 2015**
Direct interest:				
Lim Seng Boon	13,605,000	-	-	13,605,000
Chew Shin Yong, Mark	2,130,600	-	-	2,130,600
Lester Ratnakumar Neil Francis	808,016	-	-	808,016
Chin Chee Wing	590,000	-	(590,000)	-
Deemed interest:				
Lim Seng Boon*	24,186,840	-	-	24,186,840
Chin Chee Wing**	2,634,900	-	(2,634,900)	-
Chew Shin Yong, Mark***	1,333,400	-	-	1,333,400

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

* Deemed interested by virtue of his spouse, Madam Goh Lee Lang's shareholding in M3 Technologies (Asia) Berhad.

** Deemed interested by virtue of his spouse, Madam Cha Lee Pin's shareholding in M3 Technologies (Asia) Berhad.

*** Deemed interested by virtue of his interest in Marmark (BVI) Limited, pursuant to section 6A of the Companies Act, 1965.

None of the other Directors in office at the end of the financial year had any interest in shares or options over shares of the Company or its related corporations during the financial year.

The above Directors, by virtue of their interest in shares of the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

SHARES AND DEBENTURES

On 16 March 2015, the Company's application for private placement of 17,961,474 new ordinary shares has been approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

On 12 June 2015, the Company increased its issued and paid up share capital by RM600,000, from RM17,961,474 to RM18,561,474 via issuance of the first tranche of the private placement of 6,000,000 new ordinary shares of RM0.10 each at issue price of RM0.13 per share. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

On 7 September 2015, Bursa Securities has approved the Company's application to extend the completion of the private placement to 15 March 2016.

There were no new issues of debentures during the financial year.

TREASURY SHARES

There was no repurchase or resale of shares held as treasury shares by the Company during the financial year. Relevant details on the treasury shares are disclosed in Note 22 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps: (cont'd)

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events are disclosed in Notes 34 and 35 to the financial statements.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 October 2015.

Lim Seng Boon

Chew Shin Yong, Mark

Petaling Jaya

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Seng Boon and Chew Shin Yong, Mark, being two of the Directors of M3 Technologies (Asia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 October 2015.

Lim Seng Boon

Chew Shin Yong, Mark

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Lim Seng Boon, being the Director primarily responsible for the financial management of M3 Technologies (Asia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 92, are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Lim Seng Boon
at Kuala Lumpur in the Federal Territory
on 23 October 2015.

Lim Seng Boon

Before me,

PESURUHJAYA SUMPAH
No: W494
LEONG SEE KEONG
MALAYSIA

Commissioner for Oaths

84, Tingkat Bawah, Jalan Tuba,
Off Jalan Kampung Attap,
50460 Kuala Lumpur

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772 - D

Report on the financial statements

We have audited the financial statements of M3 Technologies (Asia) Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 92.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M3 TECHNOLOGIES (ASIA) BERHAD (CONT'D)

(Incorporated in Malaysia)
Company No: 482772 - D

Report on the financial statements (cont'd)

Auditors' responsibility (cont'd)

An audit also includes evaluating the appropriateness accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

We draw attention to Note 7 and 17 to the financial statements on recognition of investment income from profit guarantee agreement amounting to RM1,854,663. The Directors have recognised a provision for investment income as the Directors are certain that circumstances would not change materially so as to require reversal of the investment income. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M3 TECHNOLOGIES (ASIA) BERHAD (CONT'D)

(Incorporated in Malaysia)
Company No: 482772 - D

Report on other legal and regulatory requirements (cont'd)

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act. Other than those subsidiaries with emphasis of matter paragraph in the auditors' reports disclosed in Note 16 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other reporting responsibilities

The supplementary information set out in Note 38 on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ecovis

ECOVIS AHL PLT
Firm No: AF 001825
Chartered Accountants

Chua Kah Chun
Approval No: 2696/09/17 (J)
Chartered Accountant

Kuala Lumpur
23 October 2015

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	5	35,287,643	38,885,293	13,700,672	11,674,170
Cost of sales	6	(22,153,472)	(26,105,299)	(10,816,915)	(8,622,258)
Gross profit		13,134,171	12,779,994	2,883,757	3,051,912
Other income	7	2,846,869	587,606	1,886,516	3,213,160
Administrative expenses		(16,190,140)	(17,727,720)	(5,631,542)	(7,006,812)
Selling and marketing expenses		(1,444,251)	(3,164,845)	(26,458)	(149,860)
Other expenses		(924,710)	(626,072)	(84,425)	-
Finance costs	8	(39,196)	(47,333)	(33,658)	(39,036)
Impairment loss on goodwill	15	-	(5,844,078)	-	-
Impairment loss on investment in subsidiaries	16	-	-	(759,153)	(3,410,661)
Impairment loss on interest in a joint venture	18	-	(728,775)	-	(951,649)
Impairment loss of amount due from subsidiaries	20	-	-	(6,477,203)	-
Share of results of an associate	17	(230,879)	(27,400)	-	-
Share of results of a joint venture		-	(15,027)	-	-
Loss before tax	9	(2,848,136)	(14,813,650)	(8,242,166)	(5,292,946)
Income tax expense	12	(626,083)	(557,658)	(42,900)	(130,823)
Loss net of tax		(3,474,219)	(15,371,308)	(8,285,066)	(5,423,769)
Other comprehensive loss:					
Foreign currency translation		2,453,332	(240,127)	-	-
Total comprehensive loss for the year		(1,020,887)	(15,611,435)	(8,285,066)	(5,423,769)

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Loss attributable to:					
Owners of the Company		(4,364,799)	(15,543,374)	(8,285,066)	(5,423,769)
Non-controlling interests		890,580	172,066	-	-
		(3,474,219)	(15,371,308)	(8,285,066)	(5,423,769)
Total comprehensive loss attributable to:					
Owners of the Company		(2,526,925)	(15,804,522)	(8,285,066)	(5,423,769)
Non-controlling interests		1,506,038	193,087	-	-
		(1,020,887)	(15,611,435)	(8,285,066)	(5,423,769)
Earnings per share attributable to owners of the Company (sen)					
Basic/Diluted	13	(2.46)	(8.78)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	14	4,199,485	4,453,189	2,197,024	2,244,666
Intangible assets	15	3,705,918	3,059,625	525,836	863,861
Investment in subsidiaries	16	-	-	23,343,695	24,102,848
Investment in an associate	17	5,740,159	5,971,038	5,998,438	5,998,438
Interest in a joint venture	18	-	-	-	-
		13,645,562	13,483,852	32,064,993	33,209,813
Current assets					
Inventories	19	3,161,104	6,896,466	291,406	76,992
Trade and other receivables	20	23,572,854	16,037,009	6,640,827	9,458,208
Tax refundable		782,589	582,952	1,075	18,963
Deposits, cash and bank balances	21	3,512,060	5,657,141	248,185	992,749
		31,028,607	29,173,568	7,181,493	10,546,912
Total assets		44,674,169	42,657,420	39,246,486	43,756,725
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	22	18,561,474	17,961,474	18,561,474	17,961,474
Share premium	22	4,572,702	4,392,702	4,572,702	4,392,702
Treasury shares	22	(565,639)	(565,639)	(565,639)	(565,639)
Other reserves	23	1,624,749	(213,125)	16,074,240	16,074,240
Retained earnings/ (accumulated loss)	24	2,588,255	6,953,054	(7,352,783)	932,283
		26,781,541	28,528,466	31,289,994	38,795,060
Non-controlling interests		4,904,852	3,398,814	-	-
Total equity		31,686,393	31,927,280	31,289,994	38,795,060

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-current liabilities					
Loans and borrowings	25	588,479	724,796	557,719	682,069
Deferred tax liabilities	27	55,336	129,853	-	-
Provision for gratuity	10	9,889	34,602	-	-
		653,704	889,251	557,719	682,069
Current liabilities					
Loans and borrowings	25	159,997	482,971	122,471	455,985
Trade and other payables	28	12,155,731	9,337,936	7,276,302	3,823,611
Income tax payable		18,344	19,982	-	-
		12,334,072	9,840,889	7,398,773	4,279,596
Total liabilities		12,987,776	10,730,140	7,956,492	4,961,665
Total equity and liabilities		44,674,169	42,657,420	39,246,486	43,756,725

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
		Non-distributable			Distributable			
Group	Share capital (Note 22) RM	Share premium (Note 22) RM	Treasury shares (Note 22) RM	Foreign currency translation reserve (Note 23) RM	Retained earnings (Note 24) RM	Total RM	RM	RM
At 1 July 2014	17,961,474	4,392,702	(565,639)	(213,125)	6,953,054	28,528,466	3,398,814	31,927,280
Loss for the year	-	-	-	-	(4,364,799)	(4,364,799)	890,580	(3,474,219)
Other comprehensive loss for the year	-	-	-	1,837,874	-	1,837,874	615,458	2,453,332
Total comprehensive loss	-	-	-	1,837,874	(4,364,799)	(2,526,925)	1,506,038	(1,020,887)
Transaction with owners								
Issue of shares – Private Placement	600,000	180,000	-	-	-	780,000	-	780,000
At 30 June 2015	18,561,474	4,572,702	(565,639)	1,624,749	2,588,255	26,781,541	4,904,852	31,686,393

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	Attributable to owners of the Company						Non-controlling interests	Total equity
		Non-distributable			Distributable			
Group	Share capital (Note 22) RM	Share premium (Note 22) RM	Treasury shares (Note 22) RM	Foreign currency translation reserve (Note 23) RM	Retained earnings (Note 24) RM	Total RM	RM	RM
At 1 July 2013	17,961,474	4,392,702	(565,639)	48,023	22,496,428	44,332,988	4,130,122	48,463,110
Loss for the year	-	-	-	-	(15,543,374)	(15,543,374)	172,066	(15,371,308)
Other comprehensive loss for the year	-	-	-	(261,148)	-	(261,148)	21,021	(240,127)
Total comprehensive loss	-	-	-	(261,148)	(15,543,374)	(15,804,522)	193,087	(15,611,435)
Transaction with owners								
Dividends paid	-	-	-	-	-	-	(924,395)	(924,395)
At 30 June 2014	17,961,474	4,392,702	(565,639)	(213,125)	6,953,054	28,528,466	3,398,814	31,927,280

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	←	Non-distributable		→	Distributable	
Company	**Share Capital**	**Share premium**	**Treasury shares**	**Special reserve**	**Retained earnings / (accumulated loss)**	**Total equity**
	(Note 22) RM	**(Note 22) RM**	**(Note 22) RM**	**(Note 23) RM**	**(Note 24) RM**	**RM**
At 1 July 2013	17,961,474	4,392,702	(565,639)	16,074,240	6,356,052	44,218,829
Total comprehensive loss	-	-	-	-	(5,423,769)	(5,423,769)
At 30 June 2014	17,961,474	4,392,702	(565,639)	16,074,240	932,283	38,795,060
At 1 July 2014	17,961,474	4,392,702	(565,639)	16,074,240	932,283	38,795,060
Total comprehensive loss	-	-	-	-	(8,285,066)	(8,285,066)
Transaction with owners						
Issue of shares – Private Placement	600,000	180,000	-	-	-	780,000
At 30 June 2015	18,561,474	4,572,702	(565,639)	16,074,240	(7,352,783)	31,289,994

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities					
Loss before tax		(2,848,136)	(14,813,650)	(8,242,166)	(5,292,946)
Adjustments for:					
Allowance for impairment losses on receivables	9	360,246	502,072	-	23,526
Allowance for amount due from subsidiaries	9	-	-	6,477,203	133,336
Amortisation of intangible assets	9	1,036,496	2,064,825	857,985	1,212,049
Bad debts written off	9	91,715	2,222	-	-
Depreciation of property, plant and equipment	9	1,129,216	1,164,749	318,058	318,681
Dividend income	7	-	-	-	(1,308,230)
Impairment loss on goodwill	9	-	5,844,078	-	-
Impairment loss on investment in subsidiaries	9	-	-	759,153	3,410,661
Impairment loss on interest in a joint venture		-	728,775	-	951,649
Investment income from profit guarantee	7	(1,854,663)	-	-	-
Interest expense	8	39,196	47,333	33,658	39,036
Interest income	7	(7,882)	(76,608)	(4,399)	(50,945)
Inventories write-down	9	522,489	374,621	-	-
Inventories write-off	9	515,504	898,386	-	-
Gain on disposal of property, plant and equipment	9	(3,954)	(59,061)	(3,954)	-
Property, plant and equipment written off	9	174,623	20,326	6,222	-
Product development expenditure written off	9	-	345,572	-	-
Provision for gratuity	10	20,867	34,602	-	-
Share of results in an associate		230,879	27,400	-	-
Share of results in a joint venture		-	15,027	-	-
Short-term accumulating compensated absences	10	-	9,200	-	-
Unrealised (gain)/loss on foreign exchange	9	(27,407)	(13,076)	65,072	(7,211)
Operating (loss)/profit before working capital changes		(620,811)	(2,883,207)	266,832	(570,394)

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M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash flows from operating activities (cont'd)					
Decrease/(increase) in inventories		2,697,369	2,555,221	(214,414)	(76,992)
Decrease/(increase) in trade and other receivables		(6,146,834)	413,998	(4,803,186)	1,132,130
Decrease in amount due from subsidiaries		-	-	1,078,292	3,415,036
Increase in trade and other payables		2,795,015	1,134,007	3,452,691	1,214,982
Cash flows (used in)/ generated from operations		(1,275,261)	1,220,019	(219,785)	5,114,762
Interest paid		(39,196)	(47,333)	(33,658)	(39,036)
Interest received		7,882	72,803	4,399	50,945
Income tax refund		17,888	653,932	17,888	54,048
Income tax paid		(920,472)	(1,191,704)	(42,900)	(136,912)
Net cash (used in)/from operating activities		(2,209,159)	707,717	(274,056)	5,043,807
Cash flows from investing activities					
Acquisition of an associate	17	-	(5,998,438)	-	(5,998,438)
Dividends received from a subsidiary		-	-	-	1,308,230
Proceeds from disposal of property, plant and equipment		73,387	234,572	-	-
Proceeds from transfer of property, plant and equipment		-	-	25,922	42,699
Acquisition of intangible assets	15	(1,284,285)	(2,458,519)	(519,960)	(821,578)
Purchase of property, plant and equipment	14	(873,411)	(1,051,532)	(298,606)	(311,143)
Net cash used in investing activities		(2,084,309)	(9,273,917)	(792,644)	(5,780,230)

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from financing activities					
Dividends paid by a subsidiary to non-controlling interests		-	(924,395)	-	-
Proceeds from issuance of share capital	22	780,000	-	780,000	-
Repayment of letters of credit – net		(338,696)	(2,299,594)	(338,696)	(2,299,594)
Repayment of term loan – net		(57,493)	(54,284)	(57,493)	(54,284)
Repayment of finance lease obligations		(63,102)	(253,673)	(61,675)	(58,712)
Net cash from/(used in) financing activities		320,709	(3,531,946)	322,136	(2,412,590)
Net decrease in cash and cash equivalents		(3,972,759)	(12,098,146)	(744,564)	(3,149,013)
Effects of foreign exchange rate		1,827,678	(250,798)	-	-
Cash and cash equivalents as at 1 July		5,657,141	18,006,085	992,749	4,141,762
Cash and cash equivalents as at 30 June	21	3,512,060	5,657,141	248,185	992,749

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Unit 608, 707 & 1007, Block A, Pusat Dagangan Phileo II, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in the provision of mobile solutions.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 October 2015.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis unless otherwise indicated in the summary of significant accounting policies as disclosed in Note 3 to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All information is presented in RM, except when otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries including the equity accounting of interest in an associate and a joint venture as at 30 June 2015. Further details on the accounting policies for interest in joint venture are disclosed in Note 3(c) to the financial statements.

The financial statements of the Company's subsidiaries and joint venture are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

2. Basis of preparation (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition or the date of incorporation, being the date on which the Company obtains control and continue to be consolidated until the date that such control effectively ceases. Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

All intra-group assets and liabilities, equity, income, expenses, cash flows and unrealised gains and losses relating to transactions between members of Group are eliminated in full on consolidation.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts, the carrying amount of any non-controlling interest in the former subsidiary, the cumulative foreign exchange translation differences recorded in equity, the fair value of the consideration received, the fair value of any investment retained in the former subsidiary, any surplus or deficit in the profit or loss and the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, if required in accordance with other MFRSs.

The accounting policies for business combination and goodwill are disclosed in Note 3(a) and 3(e) to the financial statements.

2. Basis of preparation (cont'd)

(b) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments, and improvement to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on 1 July 2014 are as follows:

- Amendment to MFRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to MFRS 10, MFRS 12 and MFRS 127 'Investment Entities'
- Amendments to MFRS 136 'Recoverable Amount Disclosures for Non-Financial Assets'
- Annual Improvements to MFRS 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above new accounting standards, amendments and improvement to published standards and interpretations did not have a significant financial impact on the Group and the Company and did not result in substantial changes to the Group's accounting policies.

(c) Standards, amendments to published standards and interpretations issued but not yet effective

The following are standards, amendments to published standards and interpretations issued by Malaysian Accounting Standard Board (MASB), but not yet effective, up to the date of issuance of the Company's financial statements. The Group and the Company intend to adopt these standards, amendments to published standards and interpretations, if applicable, when they become effective in the following financial year:

(i) Financial year beginning on or after 1 July 2016
- Amendments to MFRS 11 'Accounting for Acquisition of Interests in Joint Operations'
- Amendments to MFRS 127 'Equity Method in Separate Financial Statements'
- Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between and Investor and its Associate or Joint Venture'
- Annual Improvements to MFRSs 2012-2014
- Amendments to MFRS 10, 12 and 128 'Investment Entities – Applying the Consolidation Exception'
- Amendments to MFRS 101 'Presentation of Financial Statements – Disclosure Initiative'

(ii) Financial year beginning on or after 1 July 2018
- MFRS 15 'Revenue from Contracts with Customers'
- MFRS 9 'Financial Instruments'

The Group is in the process of assessing the full impact of the above standards, amendments to published standards and interpretations on the financial statements of the Group and the Company in the year of application.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies

(a) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 'Financial Instruments: Recognition and Measurement' ("MFRS 139") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

(b) Investment in subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power over the entity, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the company's return. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's separate financial statements, investment in a subsidiary is accounted for at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(g). On disposal of such investment, the difference between the net disposals proceed and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(c) Interest in associate and joint venture

An associate is an entity over which the Group or the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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3. **Summary of significant accounting policies (cont'd)**

(c) **Interest in associate and joint venture (cont'd)**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's interest in its associate and joint venture are accounted for using the equity method. The associate and joint venture are equity accounted for from the date the Group gains significant influence or joint control until the date the Group ceases to have significant influence over the associate or joint control over the joint venture.

Under the equity method, the interest in associate and joint venture are initially recognised at cost. The carrying amount of the investment is adjusted for changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operation of the associate and joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's statement of comprehensive income. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of such changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from the transactions between Group and the associate and joint venture are eliminated to the extent of the interest in associate or joint venture. The aggregate of the Group's share of profit or loss in associate and joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit. The Group's share of profit or loss in associate and joint venture represents profit or loss after tax and non-controlling interests in the associate or joint venture.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any long term interests that, in substance, form part of the Group's net interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate and joint venture. The Group determines at each reporting date whether there is any objective evidence that the interest in the associate and joint venture are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between recoverable amount of the associate or joint venture and its carrying amount, then recognises the amount in the 'share of profit of associate or share of profit on joint venture' on the face of the consolidated statement of comprehensive income.

3. Summary of significant accounting policies (cont'd)

(c) Interest in associate and joint venture (cont'd)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposals is recognised in the consolidated statement of comprehensive income.

(d) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. **Summary of significant accounting policies (cont'd)**

(d) **Foreign currencies**

(iii) **Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income through the foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

(e) **Intangible assets**

(i) **Goodwill**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

3. Summary of significant accounting policies (cont'd)

(e) Intangible assets (cont'd)

(i) Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date in line with the accounting policy set out in Note 3(d) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the entity rather than assets and liabilities of the foreign operation translated at the exchange rate prevailing at the date of acquisition.

(ii) Product development expenditure

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group or the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 2 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each statement of financial position date.

(iii) Intellectual properties

Intellectual properties comprise digital content rights and licenses acquired and are considered to have finite useful life due to the technological risks and advancement inherent in the industry. Intellectual properties of the Group or the Company are amortised on the straight-line basis over their estimated useful lives of 10 years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies (cont'd)

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group or the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	2%
Computers and software	10% - 50%
Furniture, fixtures, fittings and office equipment	15% - 50%
Motor vehicles	10% - 20%
Renovation	10% - 33%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. **Summary of significant accounting policies (cont'd)**

(g) **Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group or the Company makes an estimate of the asset's recoverable amount.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss in respect of goodwill is not reversed. For other financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(h) **Financial assets**

(i) **Initial recognition and subsequent measurement**

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument, i.e. the trade date.

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

3. Summary of significant accounting policies (cont'd)

(h) Financial assets (cont'd)

(i) Initial recognition and subsequent measurement (cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(1) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

For financial assets designated at FVTPL, upon initial recognition the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

- the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets as FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies (cont'd)

(h) Financial assets (cont'd)

(i) Initial recognition and subsequent measurement (cont'd)

(2) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Financial assets classified in this category include cash and bank balances, trade receivables, sundry receivables, tax refundable, refundable deposits and advances due from staff.

(3) Held-to-maturity ("HTM") investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as HTM investments when the Group or the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, HTM investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the HTM investments are derecognised or impaired, and through the amortisation process.

HTM investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as HTM investments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies (cont'd)

(h) **Financial assets (cont'd)**

(i) **Initial recognition and subsequent measurement (cont'd)**

(4) **Available-for-sale ("AFS") financial assets**

AFS financial assets are financial assets that are designated as AFS or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest income calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on AFS financial assets are recognised in profit or loss when the Group or the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as AFS financial assets.

(ii) **Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired and the Group or the Company has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:

(1) the Group or the Company has transferred substantially all the risks and rewards of the financial asset, or

(2) the Group or the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

3. Summary of significant accounting policies (cont'd)

(h) **Financial assets (cont'd)**

(ii) **Derecognition (cont'd)**

When the Group or the Company has transferred its rights to receive cash flows from a financial asset or have entered into a "pass through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognised to the extent of the Group or the Company's continuing involvement in the financial asset. In that case, the Group or the Company also recognises an associated financial liability. The transferred financial asset and associated financial liability are measured on a basis that reflect the rights and obligations that the Group or the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group or the Company commits to purchase or sell the asset.

(iii) **Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(1) **Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's or the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies (cont'd)

(h) **Financial assets (cont'd)**

(iii) **Impairment of financial assets (cont'd)**

(1) **Trade and other receivables and other financial assets carried at amortised cost (cont'd)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(iv) **Reclassification of financial assets**

The Group and the Company may choose to reclassify non-derivative assets out of the financial assets at FVTPL category, in rare circumstances, where the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and the Company may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the financial assets at FVTPL or AFS financial assets if the Group and the Company have the intention and ability to hold the financial assets for the foreseeable future or until maturity.

Reclassifications are made at fair value as at the reclassification date, whereby the fair value becomes the new cost or amortised cost, as applicable.

For a financial asset reclassified out of the AFS financial assets, any previous gain or loss on that asset that has been recognised in equity is amortised to the profit or loss over the remaining life of the asset using the effective interest method. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the profit or loss.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis. The Group and the Company do not reclassify any financial instrument into the FVTPL category after initial recognition.

3. Summary of significant accounting policies (cont'd)

(i) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash at bank and on hand and demand deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

(j) Inventories

Inventories comprise merchandise held for resale and are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost includes cost of purchase and other incidental expenses in bringing the items into their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Provisions for liabilities

Provisions for liabilities are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Financial liabilities

(i) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies (cont'd)

(l) Financial liabilities (cont'd)

(i) Initial recognition and subsequent measurement (cont'd)

(1) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at FVTPL.

(2) Other financial liabilities

The Group's and the Company's other financial liabilities include payables and other liabilities.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in future for goods and services received.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. Summary of significant accounting policies (cont'd)

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group or the Company incurred in connection with the borrowing of funds.

(n) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund (EPF) in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Provision for gratuity

The Group makes provision for payments to be made to employees upon the end of or termination of their employment contract, or retirement in its subsidiary in Dubai in accordance to the requirements of Federal Law No. 8 of 1980 Regulating Labour Relations of the United Arab Emirates.

Remeasurements of the provision for gratuity are recognised in profit or loss as employee benefits expense in the period in which they are incurred.

3. Summary of significant accounting policies (cont'd)

(o) Finance lease – the Group or the Company as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as finance lease obligations. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the entity's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability for each accounting period. Finance charges are charged to profit or loss.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(p) Operating lease - the Group or the Company as lessee

Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight-line basis over the lease term.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods is recognised net of value-added taxes, rebates, returns and trade discounts upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

M3 TECHNOLOGIES (ASIA) BERHAD

(Incorporated in Malaysia)
Company No: 482772-D

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

3. Summary of significant accounting policies (cont'd)

(q) **Revenue (cont'd)**

(ii) **Revenue from services**

Revenue from services rendered is recognised net of service taxes, rebates and discounts as and when the services are performed and delivered to customers.

(iii) **Interest income**

Interest income is recognised using the effective interest method.

(iv) **Dividend income**

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(r) **Income taxes**

(i) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

3. Summary of significant accounting policies (cont'd)

(r) **Income taxes (cont'd)**

(ii) **Deferred tax (cont'd)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. Summary of significant accounting policies (cont'd)

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess segment performance. Additional disclosures on each of these segments are shown in the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(u) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or the Company.

Contingent liabilities and assets are not recognised but disclosed in the notes to the financial statements, unless the possibility of an outflow and inflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as provision.

3. Summary of significant accounting policies (cont'd)

(w) **Related parties**

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:
- control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

(viii) the party, or any member of a group of which the party is a part of, provides key management personnel services to the Company.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ. Uncertainty about these judgements, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The most significant uses of judgements, estimates and assumptions are as follows: