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## **M3NERGY BERHAD**

(206596-H)

(Incorporated in Malaysia under the Companies Act, 1965)

### **ANNOUNCEMENT TO SHAREHOLDERS**

in relation to

### **INVITATION TO M3NERGY BERHAD ("M3NERGY" OR "THE COMPANY") TO SELL ITS STAKE IN MALAYSIAN MERCHANT MARINE BERHAD**

Dear Shareholders of M3nergy Berhad,

In line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to announcements and circulars which took effect from 15 November 2006, the Company is now required to ensure that the announcement in respect of transactions which trigger a percentage ratio of 15% be despatched to shareholders within 10 market days from the date of announcement.

The following announcement was made by the Company on 27 August 2007.

**“ Subject : M3NERGY BERHAD (“M3nergy” or “the Company”)  
- INVITATION TO M3NERGY BERHAD (“M3NERGY”) TO SELL ITS STAKE IN  
MALAYSIAN MERCHANT MARINE BERHAD (“MMM”) (“PROPOSED  
DISPOSAL”)**

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#### **1. INTRODUCTION**

The Board of Directors of M3nergy wishes to announce that M3nergy, had on 25 August 2007, received an invitation from Core Attributes (M) Sdn Bhd ("CASB") dated 25 August 2007 in respect of the invitation to M3nergy to sell its stake in Malaysian Merchant Marine Berhad ("MMM") to CASB ("Invitation to Sell").

The offer is to acquire from M3nergy the following equity instruments :

- (i) 50,375,884 ordinary shares of RM1.00 each presently held by M3nergy in the capital of MMM ; and
- (ii) 470,000 of the Islamic Preference Shares ("IPS") of RM1.00 each held by M3nergy in the capital of MMM

for a total cash consideration of RM33.5million ("Purchase Price").

## 2. DETAILS OF THE PROPOSED DISPOSAL

- (a) **The Proposed Disposal**  
M3nergy currently holds 50,375,884 ordinary shares of RM1.00 each in MMM representing 28.67% of the total issued and paid-up share capital of MMM. M3nergy also holds 39,000,000 IPS in MMM out of which 470,000 IPS together with all the ordinary shares will be disposed to CASB ("**Sale Shares**").
- (b) **Sale and Purchase of Shares**  
CASB agrees to acquire and the Company agrees to sell the Sale Shares upon the terms and subject to the conditions contained in the Sale and Purchase Agreement to be executed.
- (c) **Basis of Determining the Purchase Price**  
The Purchase Price was arrived at on a willing buyer-willing seller basis.
- (d) **M3nergy's Original Cost of Investment in MMM**  
M3nergy's existing total investment in MMM for the 50,375,884 ordinary shares of RM1.00 each and 470,000 IPS of RM1.00 each is RM97.89 million.
- (e) **Refundable Earnest Deposit**  
CASB has paid a refundable earnest deposit of RM1.0 million to show their commitment to this Proposed Disposal.

## 3. CONDITIONS OF PROPOSED DISPOSAL

The main conditions preceding are as follows:-

- (a) Satisfactory legal and financial due diligence on MMM.
- (b) A first right of refusal for a period of two years on all remaining IPS and warrants to be disposed by the Company.

## 4. INFORMATION ON MMM

MMM was incorporated as a company in Malaysia under the Companies Act, 1965 on 10 March 1993 under the name of Malaysian Merchant Marine Sdn Bhd and was listed on the official list of Second Board of the Bursa Securities on 8 December 1997 and subsequently was transferred to the Main Board on 12 August 2002. The principal activity of MMM are investment holding, transportation of goods by sea and provision of ship management services to its subsidiaries.

The authorised share capital of MMM is RM175,721,803.00 divided into 175,721,803 ordinary shares of RM1.00 each. As at current date, the issued and paid-up share capital of MMM are 175,721,803 ordinary shares of RM1.00 and 70,988,213 IPS of RM1.00 each.

## 5. INFORMATION ON CASB

CASB was incorporated as a company in Malaysia under the Companies Act, 1965. The principal activity of CASB are investment holding, property development, provision of general and telecommunication advisory services, food and beverage services and general trading.

As at current date, the issued and paid-up share capital of CASB are RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each.

The principal directors and shareholders are Encik Shahid Islam, Ms Sharlini Marnickam and Mr Suresh Rajaratnam.

**6. RATIONALE OF THE PROPOSED DISPOSAL**

The Proposed Disposal would enable M3nergy Group to exit from its non-core activities and re-focus on its core activity which is in the oil and gas industry. The cash to be derived from the Proposed Disposal would be used in the core activities of the Company.

**7. FINANCIAL EFFECT OF THE PROPOSED DISPOSAL**

The Proposed Disposal will not have any material effect on the share capital, shareholdings of the Major Shareholders and gearing of M3nergy. However, it is expected to have an effect on earnings per share and net assets of M3nergy Group for the financial year ending 30 June 2008.

The carrying value of the ordinary shares and IPS under the Proposed Disposal as at 30 June 2007 is equivalent to the market value on that date amounting to RM15.7 million. Based on this carrying value, the Group would realise a gain of about RM17.8 million upon completion of the proposed sale of shares. The proposed sale of shares is subject to terms and conditions of a sale and purchase agreement to be executed and satisfactory due diligence on MMM.

**8. TIME FRAME FOR COMPLETION OF PROPOSED DISPOSAL**

The Proposed Disposal is expected to be completed on or before 30 September 2007.

**9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST**

None of the Directors, Major Shareholders of M3nergy and/or persons connected to them has any interest, direct and/or indirect, in the Proposed Disposal.

**10. COMPLIANCE WITH THE SECURITIES COMMISSION GUIDELINES**

To the best knowledge of M3nergy, the Proposed Disposal has not departed from the Securities Commission's Policies and Guidelines on the Issue and Offer of Securities 2003.

**11. APPROVAL REQUIRED**

The Proposed Disposal is not subject to the approval of the existing shareholders of M3nergy or any regulatory authorities.

**12. DIRECTORS' RECOMMENDATION**

The Board of M3nergy is of the opinion that the Proposed Disposal is in the best interest of the Company.

This announcement is dated 27 August 2007. ”