

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in Metronic Global Berhad (“MGB” or the “Company”), you should immediately hand this Circular together with the accompanying Annual Report of the Company for the financial year ended 31 December 2004 and Form of Proxy to the agent through whom the sale or transfer was contracted for onward transmission to the purchaser or transferee.

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METRONIC GLOBAL BERHAD

(Company No.: 632068-V)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED SHAREHOLDERS’ RATIFICATION AND PROPOSED
SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolutions in respect of the above Proposals (as defined herein) will be tabled at the Second (2nd) Annual General Meeting (“AGM”) of the Company to be held at Room St Andrew’s 1 & 2, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 June 2005 at 10.00 a.m.. Notice of the AGM, together with the Form of Proxy, is set out in the Annual Report of the Company for the financial year ended 31 December 2004 which is despatched together with this Circular.

You are urged to complete and deposit the Form of Proxy at the Registered Office of the Company at 650, Block A, Kelana Centre Point, No. 3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, not later than forty-eight (48) hours before the time stipulated for holding the Second (2nd) AGM. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The last date and time for lodging the Form of Proxy is on Monday, 13 June 2005 at 10.00 a.m..

This Circular is dated 20 May 2005

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

| | |
|------------------------|---|
| “Act” | - Companies Act, 1965, as amended from time to time and any re-enactment thereof |
| “AGM” | - Annual General Meeting |
| “Board” | - Board of Directors of MGB |
| “Bursa Securities” | - Bursa Malaysia Securities Berhad (635998-W) |
| “Directors” | - Shall have the same meaning given in Section 4 of the Act and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a director of MGB (or any other company which is its subsidiary or holding company or a subsidiary of its holding company) |
| “Hwang-DBS” | - Hwang-DBS Securities Berhad (14389-U) |
| “ICSB” | - Integrated Commerce Sdn Bhd (529638-A) |
| “ITG” | - ITG Worldwide (M) Sdn Bhd (510781-D) |
| “Ledtronics” | - Ledtronics Sdn Bhd (450542-T) |
| “Listing Requirements” | - Listing Requirements of Bursa Securities for the MESDAQ Market |
| “Major Shareholders” | - A person who has an interest or interests in one or more voting shares in MGB and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in MGB and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a major shareholder of MGB (or any other company which is its subsidiary or holding company or a subsidiary of its holding company) |
| “MCSB” | - Metronic Corporation Sdn Bhd (358952-U) |
| “Meditechnique” | - Meditechnique Sdn Bhd (485729-W) |
| “MESDAQ Market” | - MESDAQ Market of Bursa Securities |
| “MESB” | - Metronic Engineering Sdn Bhd (125404-M) |
| “Metronic Impact” | - Metronic Impact Sdn Bhd (279507-U) |
| “MGB” or “Company” | - Metronic Global Berhad (632068-V) |
| “MGB Group” or “Group” | - MGB and its subsidiaries, collectively |
| “MHP” | - MH Projects Sdn Bhd (393858-W) |
| “MISSB” | - Metronic Integrated System Sdn Bhd (332032-D) |

DEFINITIONS *(Cont'd)*

| | |
|---------------------------------------|--|
| “MMBCL” | - Metronic Microsystem (Beijing) Company Limited |
| “NTA” | - Net tangible assets |
| “Proposals” | - Collectively referred to as the Proposed Shareholders’ Ratification and the Proposed Shareholders’ Mandate |
| “Proposed Shareholders’ Ratification” | - Ratification of RRPTs entered/to be entered into by MGB Group from the date of listing of the Company, i.e. 24 May 2004 to the date of the forthcoming AGM |
| “Proposed Shareholders’ Mandate” | - Proposed shareholders’ mandate pursuant to Rule 6.8 and Guidance Note 12 of the Listing Requirements for the MGB Group to enter into the RRPTs |
| “Related Party(ies)” | - A Director, Major Shareholder or person(s) connected with such Director or Major Shareholder of MGB |
| “RRPTs” | - Related party transactions involving recurrent transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Company or its subsidiaries and in the ordinary course of business of the MGB Group |
| “RM” | - Ringgit Malaysia |
| “Shareholders’ Mandate” | - Shareholders’ Mandate pursuant to Rule 6.8 and Guidance Note 12 of the Listing Requirements |

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METRONIC GLOBAL BERHAD

(Company No.: 632068-V)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

650, Block A, Kelana Centre Point
No. 3, Jalan SS7/19
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

20 May 2005

Board of Directors:

Tan Sri Dato' Kamaruzzaman bin Shariff (*Executive Chairman*)
Dato' Abd. Gani bin Yusof (*Executive Vice-Chairman*)
Dr. Ng Tek Che (*Group Managing Director*)
Liew Chiap Hong (*Executive Director*)
Subhi bin Hj Dziauddin (*Independent Non-Executive Director*)
Lee Fok Chong (*Independent Non-Executive Director*)
Amirudin bin Mohd Baria (*Independent Non-Executive Director*)
Li Ji Chang (*Non-Independent Non-Executive Director*)

To: The Shareholders of Metronic Global Berhad

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' RATIFICATION AND PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 26 April 2005 and 6 May 2005, MGB announced its intention to seek approval from its shareholders in respect of the following at the forthcoming Second (2nd) AGM of the Company:

- (i) Shareholders' ratification for RRPTs which were entered into or will be entered into by the MGB Group from the date of its listing on Bursa Securities (i.e. 24 May 2004) to its forthcoming AGM.

Bursa Securities has vide its letter dated 5 May 2005 approved the Company's application for an extension of time from the date of listing of the Company until its forthcoming AGM to procure shareholders' ratification for RRPTs entered/to be entered into by the MGB Group from the date of listing of MGB on Bursa Securities up to the date of the forthcoming AGM.

- (ii) Shareholders' Mandate for RRPTs to be entered into by MGB Group from the conclusion of the forthcoming AGM up to the date of the next AGM of the Company.

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposals and to seek your approval for the resolutions to be tabled at the forthcoming AGM.

You are advised to read the contents and appendix of this Circular carefully before voting on the resolutions pertaining to the Proposals at the forthcoming AGM of the Company.

2. DETAILS OF THE PROPOSALS

2.1 Rule 6.8 and Guidance Note 12 of the Listing Requirements

Pursuant to Rule 6.8 and Guidance Note 12 of the Listing Requirements, a listed company may seek a mandate from its shareholders for RRPTs, subject to, inter-alia, the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year; and
- (iii) in a meeting to obtain shareholders' mandate, the related party which has interest, directly or indirectly in the transaction, and where it involves the interest of an associate of a party (as referred to under sub-Rule 6.2 (a) or (b) of the Listing Requirements) or person connected with a director of the listed company or its holding company (as referred to under Rule 6.4 of the Listing Requirements) (the director of the listed company or its holding company is referred to as "Relevant Director" hereunder), such party referred to under sub-Rule 6.2 (a) and (b) or the Relevant Director, as the case may be, must not vote on the resolution approving the transactions; and
- (iv) where the related party is either a related party under sub-Rule 6.2 (a) and (b) or the Relevant Director which has interest, directly or indirectly in the transaction,

The Proposed Shareholders' Mandate, if approved by the shareholders of MGB at the forthcoming AGM, will continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM,

whichever is earlier.

2.2 Principal Activities of the MGB Group

The principal activity of MGB is investment holding. The principal activities of MGB's subsidiaries are set out below:

| Name | Effective equity interest (%) | Principal activities |
|-------|-------------------------------|--|
| MESB | 100 | System integration specialising in the field of intelligent building management system and integrated security management system; e-project management of mechanical and electrical services; and supply of engineered system. |
| MISSB | 100 | Procurement of contracts in relation to engineering work specialising in the field of intelligent building management system, integrated security management system, and sale of engineering equipment. |
| MMBCL | 100 | Design, production and sale of engineered systems for the Information, Communication and Technology industry, specializing in integrated building management system and telecommunication system. |

2.3 Classes of Related Parties and Nature of Transactions

2.3.1 Transactions entered into under the Proposed Shareholders' Ratification

| | Companies within the MGB Group | Transacting Parties | Nature of Transactions | Related Parties | Nature of relationship | Estimated Value of Transaction ^(a) (RM'000) |
|-------|--------------------------------|---------------------|--|--|------------------------|--|
| (i) | MESB | MCSB | Rental of office space to MCSB on a monthly basis | <ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof ▪ Dr. Ng Tek Che ▪ Liew Chiap Hong ▪ MCSB | Note (b) | 6 |
| (ii) | MESB | Meditechnique | Rental of office space to Meditechnique on a monthly basis | <ul style="list-style-type: none"> ▪ Dr. Ng Tek Che | Note (c) | 12 |
| (iii) | MESB | ITG | Purchases of consumable parts from ITG | <ul style="list-style-type: none"> ▪ Liew Chiap Hong | Note (d) | 2,218 |
| (iv) | MISSB | MCSB | Provision of accountancy services to MCSB | <ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof ▪ Dr. Ng Tek Che ▪ Liew Chiap Hong ▪ MCSB | Note (b) | 30 |

| | Companies within the MGB Group | Transacting Parties | Nature of Transactions | Related Parties | Nature of relationship | Estimated Value of Transaction (a) (RM'000) |
|--------------|---------------------------------------|----------------------------|---|---|-------------------------------|--|
| (v) | MISSB | Meditechnique | Provision of accountancy services to Meditechnique | ▪ Dr. Ng Tek Che | Note (c) | 12 |
| (vi) | MESB | MHP | Contract from MHP in respect of e-project management of mechanical and electrical services for Alor Setar Hospital in Kedah | ▪ Tan Sri Dato' Kamaruzzaman bin Shariff ▪ Dato' Abd. Gani bin Yusof | Note (e) | 8,600 |
| | | | Contract from MHP in respect of e-project management of mechanical and electrical services for Sultan Ismail Hospital in Johor Bahru | | | 1,770 |
| | | | Contract from MHP in respect of e-project management for supply of medical and non-medical equipment for Alor Setar Hospital in Kedah | | | 24,500 |
| Total | | | | | | 37,148 |

Notes:

- (a) Estimated value of transaction from 24 May 2004 (being the date of listing) up to 15 June 2005 (being the date of the forthcoming AGM).
- (b) MCSB is a Major Shareholder of MGB. Dato' Abd. Gani bin Yusof, Dr. Ng Tek Che and Liew Chiap Hong who are Directors of MGB, are also directors and shareholders of MCSB, with shareholdings of 58%, 22% and 20% respectively.
- (c) Dr. Ng Tek Che, who is a Director of MGB, is also a director and shareholder of Meditechnique with a shareholding of 49%.
- (d) Liew Chiap Hong, who is a Director of MGB, is also a director of ITG with a shareholding of 51%.
- (e) Tan Sri Kamaruzzaman bin Shariff and Dato' Abd. Gani bin Yusof, who are Directors of MGB, are also directors of MHP.

2.3.2 Transactions entered into under Proposed Shareholders' Mandate

| | Companies within the MGB Group | Transacting Parties | Nature of Transactions | Related Parties | Nature of relationship | Estimated Aggregate Value of Transaction ^(a) (RM'000) |
|--------------|--------------------------------|---------------------|--|--|------------------------|---|
| (i) | MESB | MCSB | Rental of office space to MCSB on a monthly basis | <ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof ▪ Dr. Ng Tek Che ▪ Liew Chiap Hong ▪ MCSB | Note (b) | 12 |
| (ii) | MESB | Meditechnique | Rental of office space to Meditechnique on a monthly basis | <ul style="list-style-type: none"> ▪ Dr. Ng Tek Che | Note (c) | 24 |
| (iii) | MESB | ITG | Purchases of consumable parts from ITG | <ul style="list-style-type: none"> ▪ Liew Chiap Hong | Note (d) | 2,000 |
| (iv) | MESB | ICSB | Contract and maintenance revenue receivable from ICSB in respect of projects tendered | <ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof | Note (e) | 10,000 |
| (v) | MESB | MHP | Contract and maintenance revenue receivable from MHP in respect of e-project management of mechanical and electrical services for Sultan Ismail Hospital in Johor Bahru and Alor Setar Hospital in Kedah | <ul style="list-style-type: none"> ▪ Tan Sri Dato' Kamaruzzaman bin Shariff ▪ Dato' Abd. Gani bin Yusof | Note (f) | 48,000 |
| (vi) | MISSB | MCSB | Provision of accountancy services to MCSB | <ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof ▪ Dr. Ng Tek Che ▪ Liew Chiap Hong ▪ MCSB | Note (b) | 60 |
| (vii) | MISSB | Meditechnique | Provision of accountancy services to Meditechnique | <ul style="list-style-type: none"> ▪ Dr. Ng Tek Che | Note (c) | 24 |
| Total | | | | | | 60,120 |

Notes:

- (a) *Estimated value of transactions from date of the forthcoming AGM to the next AGM based on historical value, information available at the point of estimation and discussions with the Related Parties, which may be subject to changes.*
- (b) *MCSB is a Major Shareholder of MGB. Dato' Abd. Gani bin Yusof, Dr. Ng Tek Che and Liew Chiap Hong who are Directors of MGB, are also directors and shareholders of MCSB, with shareholdings of 58%, 22% and 20% respectively.*
- (c) *Dr. Ng Tek Che, who is a Director of MGB, is also a director and shareholder of Meditechnique with a shareholding of 49%.*
- (d) *Liew Chiap Hong, who is a Director of MGB, is also a director of ITG with a shareholding of 51%.*
- (e) *Dato' Abd. Gani bin Yusof, who is a Director of MGB, is also a Director and shareholder of ICSB with a shareholding of 51%.*
- (f) *Tan Sri Kamaruzzaman bin Shariff and Dato' Abd. Gani bin Yusof, who are Directors of MGB, are also directors of MHP.*

2.4 Review Procedures

The MGB Group has established the following procedures to ensure that the RRPTs are undertaken at arms' length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of MGB.

These procedures include the following:

- (i) a list of Related Parties has been circulated within the MGB Group. All subsidiaries have been notified that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability;
- (iii) all RRPTs will be reviewed by the Audit Committee of the Company on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to RRPTs from independent sources or advisers;
- (iv) the Audit Committee will report its findings to the Board for further action if during the quarterly review, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure that the RRPTs are carried on normal commercial terms and/or the RRPTs are deemed detrimental to the minority shareholders of MGB;
- (v) the Audit Committee shall review procedures, and shall continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (vi) the annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the Proposals to ensure that relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Any divergence will be reported to the Audit Committee; and
- (vii) if a member of the Board or the Audit Committee has an interest in the transaction, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction.

2.5 Disclosure in Annual Report

Disclosure shall be made in the annual report of the Company of a breakdown of the aggregate value of all transactions conducted and names of Related Parties involved in each type of RRPTs and their relationship with MGB pursuant to the shareholders' mandate for the subsequent financial years during which the shareholders' mandate remains in force.

2.6 Statement from Audit Committee

The Audit Committee has reviewed the procedures described in Section 2.4 of this Circular and is satisfied that the procedures are sufficient to ensure that RRPTs are carried out on normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

3. RATIONALE

The RRPTs entered or to be entered into by the Group are in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPTs. As such, the Board is seeking the shareholders' mandate pursuant to Rule 6.8 and Guidance Note 12 of the Listing Requirements to allow the Group to enter into such RRPTs made on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the shareholders.

By procuring shareholders' mandate on the RRPTs and renewing the same on an annual basis, the need to convene separate general meetings from time to time, as and when potential RRPTs with a Related Party arise would be eliminated, thereby reducing substantially administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The RRPTs are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

The Proposed Shareholders' Ratification will ratify the RRPTs entered / to be entered into by the Group from its listing date (i.e. 24 May 2004) to the date of the forthcoming AGM of the Company. By obtaining shareholders' approval for the Proposed Shareholders' Mandate, and the renewal of the same on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur, would not arise. This will substantially reduce administrative time, inconvenience and avoid expenses associated with the convening of such general meetings on an ad hoc basis without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

4. FINANCIAL EFFECTS

The Proposals will not have any effect on the issued and paid-up share capital and substantial shareholding structure of MGB and are not expected to have any material effects on the NTA and earnings per share of the MGB Group.

5. APPROVAL REQUIRED

The Proposals are conditional upon approval being obtained from the shareholders of the Company at the forthcoming AGM to be convened.

6. DIRECTORS' AND MAJOR SHAREHOLDER'S INTERESTS

As set out in Section 2.3 of this Circular, Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che and Liew Chiap Hong (collectively, the "Relevant Directors") and MCSB are interested related parties of MGB.

The direct and indirect shareholdings of the interested related parties as at 9 May 2005 are as follows:

| | Direct | | Indirect | |
|--|---------------|-------|---------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Interested Major Shareholder: | | | | |
| - MCSB | 127,593,000 | 45.00 | - | - |
| Relevant Directors: | | | | |
| - Tan Sri Dato' Kamaruzzaman bin Shariff | - | - | - | - |
| - Dato' Abd. Gani bin Yusof ¹ | 48,419,780 | 17.08 | 127,593,000 | 45.00 |
| - Dr. Ng Tek Che ¹ | 11,263,600 | 3.97 | 127,593,000 | 45.00 |
| - Liew Chiap Hong ¹ | 11,263,600 | 3.97 | 127,593,000 | 45.00 |

Note:

1. Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through MCSB).

Accordingly, the Relevant Directors, namely Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che and Liew Chiap Hong, have and will continue to abstain from all Board deliberations and voting in respect of the transactions in which they have an interest as detailed in Section 2.3 of this Circular. Such Relevant Directors and MCSB will also abstain from voting in respect of their direct and indirect shareholdings on the resolutions approving the Proposals at the forthcoming AGM.

The above Relevant Directors and MCSB have also undertaken to ensure that the person(s) connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolutions pertaining to the Proposals at the forthcoming AGM.

Save as disclosed above, none of the other Directors and Major Shareholders of the Company and person(s) connected with the Relevant Directors or associate of a related party under sub-Rule 6.2 (a) or (b) of the Listing Requirements have any interest, direct or indirect in the Proposals.

7. DIRECTORS' RECOMMENDATION

The Board (with the exception of Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che and Liew Chiap Hong who are Relevant Directors and deemed interested in the Proposals), having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the MGB Group and accordingly, recommend that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming AGM.

8. AGM

The Second (2nd) AGM of the Company will be held at Room St Andrew's 1 & 2, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 June 2005 at 10.00 a.m. for the purpose of considering and if thought fit, passing the resolution pertaining to the Proposals. The Notice of AGM, together with the Form of Proxy, is enclosed in the Annual Report of the Company for the financial year ended 31 December 2004 which is despatched together with this Circular.

If you are unable to attend and vote in person at the AGM, you should complete and return the Form of Proxy in accordance with the instruction printed thereon as soon as possible and in any event must be deposited at the Registered Office of the Company at 650, Block A, Kelana Centre Point, No. 3, Jalan SS7/19 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time fixed for the AGM. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully
on behalf of the Board of Directors of
METRONIC GLOBAL BERHAD

Lee Fok Chong
Independent Non-Executive Director

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of MGB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no material facts the omission of which would make any statement in this Circular misleading.

2. MATERIAL LITIGATION

Save as disclosed below, neither MGB nor its subsidiaries are engaged in any litigation, claim or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries:

- (a) MESB had on 26 September 2003 vide Civil Suit No MT3-22-833-2003 made a claim against United Engineers (Malaysia) Bhd ("UEM") for RM939,365.14 being the non-settlement of the third payment for the provision of BAS Control System for Telekom Malaysia Berhad Headquarters Project pursuant to an agreement between MESB and UEM dated 2 May 2002. The Defendant had filed its defence on 16 January 2004. MESB had filed its reply to the defence on 29 January 2004. The suit came up for first Pre-Trial Case Management on 1st February 2005 and the High Court has fixed 28 September 2005 as the next case management date. The legal advisor is in the opinion that MESB has a good chance of succeeding.
- (b) MESB had, through its solicitors issued a letter of demand dated 10 May 2005 against Ireka Engineering & Construction Sdn Bhd ("Ireka") for RM2,379,015.45 being the outstanding payment for the provision of Building Security System – Card Access & Management System and Building Control System for the General Office Area and Common Facilities of Government Buildings at Lot 4G3 & 4G4, Precinct 4 (Phase 2) at the Federal Government Administrative Centre in Putrajaya. As at 17 May 2005 Ireka has not responded to the letter of demand. The solicitor is of the opinion that the outstanding payment is due and owing to MESB.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within two (2) years immediately preceding the date of this Circular:

- (a) On 17 March 2004, MGB entered into a Share Sale Agreement with MCSB to acquire from MCSB the entire issued and paid-up share capital of MESB comprising 3,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM21,253,998 based on its adjusted audited NTA as at 31 August 2003 after taking into account the dividend payout of RM4,925,599 to MCSB, to be satisfied by the issuance of 212,539,980 new MGB Shares at par.
- (b) On 8 April 2004, MGB entered into an Underwriting Agreement with Hwang-DBS in respect of the underwriting of the public issue shares, which are available for application by the eligible employees and business associates of the MGB Group and the Malaysian public, at an underwriting commission of 2.0% of the issue price.

- (c) On 8 April 2004, MGB entered into a Sponsor Agreement with Hwang-DBS whereby MGB appointed Hwang-DBS as the sponsor for the Company for a period of one (1) year after listing for sponsor fee of RM30,000.
- (d) On 8 April 2004, MGB entered into a Placement Agreement with Hwang-DBS in respect of the placement of 54,500,000 public issue shares for a placement commission of 2.0%.
- (e) On 12 April 2004, MESB entered into a Sale and Purchase Agreement with MHP to acquire from MHP a parcel of land measuring approximately 16,947.54 sq. ft. together with a three (3)-storey semi-detached factory erected thereon with a built-up area of approximately 18,621 sq. ft., bearing the postal address of No. 4 Jalan Astaka U8/83, Bukit Jelutong, Seksyen U8, Shah Alam, Selangor Darul Ehsan for a cash consideration of RM2,600,000.
- (f) On 13 July 2004, MESB entered into a conditional Acquisition of Shares and Shareholders Agreement with Infocon Holdings (S) Pte Ltd (“ISPL”) to purchase 51% equity shares in Infocon (Beijing) Environment Control Technology Company Limited, from ISPL for a cash consideration of USD300,000. The acquisition is pending the settlement of the remaining sum of USD210,000.
- (g) On 15 March 2005, MMBCL entered into a Sale and Purchase Agreement with Beijing Jia Li Heng De Housing Developer Company Limited (name has been translated) for the acquisition of an office suite located at 8th Floor, Top Fine International Center, Beijing, People's Republic of China with a built-up area of approximately 695.09 square metres for a cash consideration of Chinese Reminbi 9,022,268.
- (h) On 7 April 2005, MESB signed a Teaming Agreement with FEC International (M) Sdn Bhd, a company involved in the development of Radio Frequency Identification Device chip known as the MM Chip, to work with each other to explore an opportunity to utilize the MM Chip for the National Product and Service Coding System Project for the Government of the People’s Republic of China, and to explore other business opportunities to utilize the MM Chip for projects and products such as the development of security paper for university certificates, vehicle grants and licenses in Malaysia.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of MGB at 650, Block A, Kelana Centre Point, No. 3, Jalan SS 7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours for a period of six (6) months from the date of this Circular:

- (a) Memorandum and Articles of Association of MGB;
- (b) The audited consolidated financial statements of MGB for financial period ended 31 December 2004;
- (c) The cause paper in respect of material litigation referred to in Paragraph 2 above; and
- (d) The material contracts referred to in Paragraph 3 above.



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Metronic Global Berhad will be held at Room St Andrew's 1 & 2, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 June 2005 at 10.00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTION 10

“Proposed Ratification of Recurrent Related Party Transactions of a Revenue and Trading Nature with Metronic Corporation Sdn Bhd

THAT subject always to the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, all the recurrent related party transactions of a revenue or trading nature entered into or to be entered into by MGB and its subsidiaries (“MGB Group”), with Metronic Corporation Sdn Bhd as set out in Section 2.3.1 (i), (iv) of the Circular to Shareholders of the Company dated 20 May 2005 from the date of listing i.e. 24 May 2004 up to the date of the Second Annual General Meeting, be and are hereby approved and ratified”

ORDINARY RESOLUTION 11

“Proposed Ratification of Recurrent Related Party Transactions of a Revenue and Trading Nature with Meditechnique Sdn Bhd

THAT subject always to the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, all the recurrent related party transactions of a revenue or trading nature entered into or to be entered into by MGB and its subsidiaries (“MGB Group”), with Meditechnique Sdn Bhd as set out in Section 2.3.1 (ii), (v) of the Circular to Shareholders of the Company dated 20 May 2005 from the date of listing i.e. 24 May 2004 up to the date of the Second Annual General Meeting, be and are hereby approved and ratified”

ORDINARY RESOLUTION 12

“Proposed Ratification of Recurrent Related Party Transactions of a Revenue and Trading Nature with ITG Worldwide (M) Sdn Bhd

THAT subject always to the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, all the recurrent related party transactions of a revenue or trading nature entered into or to be entered into by MGB and its subsidiaries (“MGB Group”), with ITG Worldwide (M) Sdn Bhd as set out in Section 2.3.1 (iii) of the Circular to Shareholders of the Company dated 20 May 2005 from the date of listing i.e. 24 May 2004 up to the date of the Second Annual General Meeting, be and are hereby approved and ratified”

ORDINARY RESOLUTION 13

“Proposed Ratification of Recurrent Related Party Transactions of a Revenue and Trading Nature with MH Projects Sdn Bhd

THAT subject always to the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, all the recurrent related party transactions of a revenue or trading nature entered into or to be entered into by MGB and its subsidiaries (“MGB Group”), with MH Projects Sdn Bhd as set out in Section 2.3.1 (vi) of the Circular to Shareholders of the Company dated 20 May 2005 from the date of listing i.e. 24 May 2004 up to the date of the Second Annual General Meeting, be and are hereby approved and ratified”

ORDINARY RESOLUTION 14

“Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Metronic Corporation Sdn Bhd

THAT pursuant to Rule 6.8 and Guidance Notes 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to MGB and/or its subsidiaries (“MGB Group”) to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature with Metronic Corporation Sdn Bhd for the day-to-day operations of the Group, provided that such RRPTs are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public. Details of the RRPTs are set out in Section 2.3.2 (i), (vi) of the Circular to Shareholders of the Company dated 20 May 2005.

AND THAT such approval conferred by the shareholders’ mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the proposed shareholders’ mandate.”

ORDINARY RESOLUTION 15

“Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Meditechnique Sdn Bhd

THAT pursuant to Rule 6.8 and Guidance Notes 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to MGB and/or its subsidiaries (“MGB Group”) to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature with Meditechnique Sdn Bhd for the day-to-day operations of the Group, provided that such RRPTs are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public. Details of the RRPTs are set out in Section 2.3.2 (ii), (vii) of the Circular to Shareholders of the Company dated 20 May 2005.

AND THAT such approval conferred by the shareholders’ mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the proposed shareholders’ mandate.”

ORDINARY RESOLUTION 16

“Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with ITG Worldwide (M) Sdn Bhd

THAT pursuant to Rule 6.8 and Guidance Notes 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to MGB and/or its subsidiaries (“MGB Group”) to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature with ITG Worldwide (M) Sdn Bhd for the day-to-day operations of the Group, provided that such RRPTs are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public. Details of the RRPTs are set out in Section 2.3.2 (iii) of the Circular to Shareholders of the Company dated 20 May 2005.

AND THAT such approval conferred by the shareholders’ mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the proposed shareholders’ mandate.”

ORDINARY RESOLUTION 17

“Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Integrated Commerce Sdn Bhd

THAT pursuant to Rule 6.8 and Guidance Notes 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to MGB and/or its subsidiaries (“MGB Group”) to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature with Integrated Commerce Sdn Bhd for the day-to-day operations of the Group, provided that such RRPTs are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public. Details of the RRPTs are set out in Section 2.3.2 (iv) of the Circular to Shareholders of the Company dated 20 May 2005.

AND THAT such approval conferred by the shareholders’ mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the proposed shareholders’ mandate.”

ORDINARY RESOLUTION 18

“Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with MH Projects Sdn Bhd

THAT pursuant to Rule 6.8 and Guidance Notes 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to MGB and/or its subsidiaries (“MGB Group”) to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature with MH Projects Sdn Bhd for the day-to-day operations of the Group, provided that such RRPTs are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public. Details of the RRPTs are set out in Section 2.3.2 (v) of the Circular to Shareholders of the Company dated 20 May 2005.

AND THAT such approval conferred by the shareholders’ mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the proposed shareholders' mandate."

By Order of the Board

Azlan Mohd Ariff (LS 0008402)
Company Secretary

Selangor Darul Ehsan
20 May 2005

Notes:

- (1) *A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.*
- (2) *A proxy need not be a member of the Company and provision of Section 149(1) (b) of the Companies Act, 1965 need not be complied with.*
- (3) *Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy. Duplication of proxy form is allowed for appointment of additional proxy.*
- (4) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under seal or under the hand of an official or attorney duly authorized.*
- (5) *The instrument appointing the proxy must be deposited at the Registered Office of the Company at 650, Block A, Kelana Centre Point, No. 3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.*
- (6) *If no name is inserted in the space provided for name of proxy, the Chairman of meeting shall act as proxy.*
- (7) *A member should insert the number of shares held in the box provided. If no number is inserted, the form of proxy will be deemed to relate to all shares held by the member.*