

**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.

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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 RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolutions in respect of the above Proposal (as defined herein) will be tabled at the Fifth (5<sup>th</sup>) Annual General Meeting ("AGM") of the Company to be held at Room Mauna Lani A, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 23 June 2008 at 9.00 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 2007 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 Fifth (5<sup>th</sup>) 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 Friday, 20 June 2008 at 10:00a.m.

This Circular is dated 30 May 2008

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## DEFINITIONS

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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
“Adprima”	- Adprima Sdn Bhd (585831-X)
“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 6 months of the date on which the terms of the transaction were agreed upon, a director of MGB or its subsidiary or holding company or a chief executive officer of MGB, its subsidiary or holding company
“ERM”	- ER Mekatron Manufacturing Sdn Bhd (657604-D)
“Heng-Ai”	- Hangzhou Heng-Ai Electronics Co. Ltd
“HK Broadway”	- Hong Kong Broadway Electronics Company Limited
“ICSB”	- Integrated Commerce Sdn Bhd (529638-A)
“ITG”	- ITG Worldwide (M) Sdn Bhd (510781-D)
“Listing Requirements”	- Listing Requirements of Bursa Securities
“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:  (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in MGB, or  (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in MGB where such person is the largest shareholder of MGB,  including any person who is or was within the preceding 6 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). For the purpose of this definition, “interest in shares shall have the meaning given in Section 6A of the Act.
“MAPL”	- Metronic Australia Pty Ltd (A.C.N. 120 049 041)
“MCSB”	- Metronic Corporation Sdn Bhd (358952-U)
“MEPL”	- Metronic Engineering Pvt Ltd (01-46481)

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

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“MESB”	- Metronic Engineering Sdn Bhd (125404-M)
“MGB” or “Company”	- Metronic Global Berhad (632068-V)
“MGB Group” or “Group”	- MGB and its subsidiaries, collectively
“MGB Shares” or “Shares”	- Ordinary shares of RM0.10 each in MGB
“MHP”	- MH Projects Sdn Bhd (393858-W)
“MiCARES”	- Metronic iCares Sdn Bhd (727400-M)
“MISSB”	- Metronic Integrated System Sdn Bhd (332032-D)
“MMBCL”	- Metronic Microsystem (Beijing) Company Limited
“MMSSB”	- Metronic Mobile Services Sdn Bhd (733049-M) (formerly known as FeelingK Malaysia Sdn Bhd )
“MRDSB”	- Metronic R&D Sdn Bhd (753991-V) (formerly known as Trend Gate Systems Sdn Bhd )
“MSA”	- Metronic Saudi Arabia LLC
“Newtron”	- Newtron Company Limited (British Virgin Island)
“Newtronics”	- Newtronics Hangzhou Co. Ltd
“NTA”	- Net tangible assets
“Proposed Renewal of Shareholders’ Mandate” or “Proposal”	- Proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09 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
“Securetrax”	- Securetrax Solutions Pte Ltd (200701764C)
“Shareholders’ Mandate”	- Shareholders’ Mandate pursuant to Paragraph 10.09 of the Listing Requirements
“Unilink”	- Unilink Development Limited
“Zonemax”	: Zonemax Holdings Limited (British Virgin Island)

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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

30 May 2008

**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*)  
Datuk 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*)  
Edmund Chuah Choong Eng Huat (*Non-Independent Non-Executive Director*)  
Gu Ying (*Non-Independent Non-Executive Director*)

**To: The Shareholders of Metronic Global Berhad**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

On 15 May 2008, MGB announced its intention to seek approval from its shareholders in respect of the Proposed Renewal of Shareholder's Mandate for RRPTs which had been approved by the shareholders at the last AGM held on 27 June 2007 at the forthcoming Fifth (5<sup>th</sup>) AGM of the Company:

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposal 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 Proposal at the forthcoming AGM of the Company.**

## **2. DETAILS OF THE PROPOSAL**

### **2.1 Paragraph 10.09 of the Listing Requirements**

Pursuant to Paragraph 10.09 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 where:-
  - (a) the consideration, value of the assets, capital outlay or costs of the recurrent transactions is equal or exceeds RM1 million; or
  - (b) any one of the percentage ratio of such recurrent transactions is equal to exceeds 1%,  
whichever is higher;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate shall include the information set out in Part B of Appendix 10D and Appendix PN12/2001-A of Practice Note No. 12/2001 of the Listing Requirements; and
- (iv) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution approving the transactions. The interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The Proposal, 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 engineering systems.
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, specialising in integrated building management system and telecommunication system.
MEPL	70	Design, production and sale of engineered systems for the information, communication and technology industry, specialising in intelligent building management system and integrated security management system.
MiCARES	51	Third Party Administrator (TPA) and Managed Care Organisation (MCO) for healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet.
MMSSB	100	Dormant.
MRDSB	100	Research, development, production and the marketing of building automation and security system products, modules and related parts.
MAPL	60	Provision, marketing and distribution of automation and energy systems.
Adprima	60	Consultancy services on management, engineering and information technology.
Securetrax	99	Development, production and marketing of products relating to home land security.
MSA	90	Currently dormant. Intended activities are design, production and sale of engineered systems for the information, communication and technology industry, specialising in intelligent building management system and integrated security management system.

## 2.3 Classes of Related Parties and Nature of Transactions

### Transactions entered into under the Proposed Renewal of Shareholders' Mandate

	Companies within the MGB Group	Transacting Parties	Nature of Transactions	Related Parties	Nature of relationship	Estimated Aggregate Value of Transaction <sup>(a)</sup> (RM'000)
(i)	MESB	MCSB	Rental of office space of 600 square feet at No 2, Jalan Astaka, U8/83, Section U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan to MCSB for RM1,000 per month	<ul style="list-style-type: none"> <li>▪ Dato' Abd. Gani bin Yusof</li> <li>▪ Dr. Ng Tek Che</li> <li>▪ Liew Chiap Hong</li> </ul>	Note (b)	12
(ii)	MESB	ITG	Purchases of building automation parts from ITG	<ul style="list-style-type: none"> <li>▪ Liew Chiap Hong</li> </ul>	Note (c)	2,500
			Rental of office space of 600 square feet at No 2, Jalan Astaka, U8/83, Section U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan to ITG for RM1,000 per month			12
(iii)	MESB	ICSB	Contract and maintenance revenue receivable from ICSB in respect of projects tendered	<ul style="list-style-type: none"> <li>▪ Dato' Abd. Gani bin Yusof</li> </ul>	Note (d)	10,000
			Subcontracting fee payable to ICSB for installation services			100

	<b>Companies within the MGB Group</b>	<b>Transacting Parties</b>	<b>Nature of Transactions</b>	<b>Related Parties</b>	<b>Nature of relationship</b>	<b>Estimated Aggregate Value of Transaction<sup>(a)</sup> (RM'000)</b>
(iv)	MESB	MHP	Contract and maintenance revenue receivable from MHP in respect of e-project management of mechanical and electrical services and supply of medical and non-medical equipment	<ul style="list-style-type: none"> <li>▪ Tan Sri Dato' Kamaruzzaman bin Shariff</li> <li>▪ Dato' Abd. Gani bin Yusof</li> </ul>	Note (e)	10,000
(v)	MISSB	MCSB	Provision of accountancy services to MCSB	<ul style="list-style-type: none"> <li>▪ Dato' Abd. Gani bin Yusof</li> <li>▪ Dr. Ng Tek Che</li> <li>▪ Liew Chiap Hong</li> </ul>	Note (b)	60
(vi)	MISSB	ITG	Provision of accountancy services to ITG	<ul style="list-style-type: none"> <li>▪ Liew Chiap Hong</li> </ul>	Note (c)	24
(vii)	MESB	Newtronics	Purchase of electronic equipment and parts from Newtronics	<ul style="list-style-type: none"> <li>▪ Gu Ying</li> <li>▪ Edmund Chuah Choong Eng Huat ("Edmund Chuah")</li> </ul>	Note (f)	1,000
(viii)	MESB	Heng-Ai	Purchase of electronic equipment and parts from Heng-Ai	<ul style="list-style-type: none"> <li>▪ Gu Ying</li> <li>▪ Edmund Chuah</li> </ul>	Note (g)	1,000
(ix)	MESB	ERM	Supply and installation of engineering equipment by ERM	<ul style="list-style-type: none"> <li>▪ Edmund Chuah</li> </ul>	Note (h)	20,000
<b>Total</b>						44,708

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) *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) *Liew Chiap Hong, who is a Director of MGB, is also a Director of ITG with a shareholding of 51%.*
- (d) *Dato' Abd. Gani bin Yusof, who is a Director of MGB, is also a Director and shareholder of ICSB 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.*
- (f) *Newtronics is a 80% owned subsidiary of Unilink, an associate company of MGB. Gu Ying and Edmund Chuah who are Directors of MGB, are also Directors of Newtronics.*
- (g) *Heng-Ai is a 80% owned subsidiary of Unilink, an associate company of MGB. Gu Ying and Edmund Chuah who are Directors of MGB, are also Directors of Heng-Ai.*
- (h) *Edmund Chuah, who is a Director of MGB, is also a Director of ERM with a direct equity interest of 50% and an indirect equity interest of 50% by virtue of his spouse's interest in ERM.*

## **2.4 Review Procedures**

The MGB Group has established the following procedures to ensure that the RRPTs are undertaken on 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 to the Directors and the key management 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 the 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 will review procedures, and will 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 Proposal 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 Paragraph 10.09 of the Listing Requirements to allow the Group to enter into such RRPTs made on arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the shareholders.

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. Rental of excess office space generates additional income for the Group. The rental offered is based on market value.

By obtaining shareholders' approval for the Proposal, 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 Proposal 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 effect on the NTA of the MGB Group. The Proposal is expected to enhance the earnings of the MGB Group for the financial years ending 31 December 2008 and 2009.

#### 5. APPROVAL REQUIRED

The Proposal is 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, Liew Chiap Hong, Edmund Chuah and Gu Ying (collectively, the "Relevant Directors") are interested related parties of MGB.

The direct and indirect shareholdings of the interested related parties as at 30 April 2008 are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<b>Relevant Directors:</b>				
- Tan Sri Dato' Kamaruzzaman bin Shariff	3,714,285	0.585	-	-
- Dato' Abd. Gani bin Yusof	166,767,324	26.266	1,034 <sup>1</sup>	#
- Dr. Ng Tek Che	59,189,175	9.322	1,034 <sup>1</sup>	#
- Liew Chiap Hong	47,903,459	7.545	1,034 <sup>1</sup>	#
- Edmund Chuah	185,714	0.029	558,999 <sup>2</sup>	0.088
- Gu Ying	-	-	36,391,308 <sup>3</sup>	5.732

*Note:*

- 1. Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through MCSB).*
- 2. Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through his spouse)*
- 3. Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through Newtron Company Limited (BVI))*

*# Negligible*

Accordingly, the Relevant Directors, namely Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che, Liew Chiap Hong, Edmund Chuah and Gu Ying, have abstained and will continue to abstain from all Board deliberations and voting in respect of the RRPTs detailed in Section 2.3 of this Circular. Such Relevant Directors will also abstain from voting in respect of their direct and indirect shareholdings on the resolutions approving the Proposal at the forthcoming AGM.

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

Save as disclosed above, none of the other Directors and Major Shareholders and person(s) connected to them as defined in the Listing Requirements have any interest, direct or indirect in the Proposal.

**7. DIRECTORS' RECOMMENDATION**

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

**8. AGM**

The Fifth (5th) AGM of the Company will be held at Room Mauna Lani A, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 23 June 2008 at 9.00 a.m. for the purpose of considering and if thought fit, passing the resolutions pertaining to the Proposal. 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 2007 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 instructions 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 presently engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the MGB Group or any fact likely to give rise to any proceedings which may materially affect the financial position or business of the MGB Group:

- (i) MESB had on 26 September 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 1st Pre-Trial Case Management on 1 February 2005. On 17 January 2006, UEM's application to determine the suit by way of a Question of Law had been dismissed by the High Court of Shah Alam. MESB had, through its solicitors, filed an application seeking UEM to produce finalisation of accounts between UEM and MESB with regards to the project. The Court has fixed 1 October 2007 as the hearing date for the said application. In the interim, MESB's solicitors had also filed an application by way of writ sepina seeking Daewoo (M) Sdn Bhd ("Daewoo") to produce finalisation of accounts between Daewoo and UEM with regards to the project. Daewoo had on 12 September 2007 produced the said accounts. The Court has fixed 4 and 5 November 2008 as the full hearing date for the suit. MESB's solicitors are of the opinion that MESB has a good chance of succeeding in its claim.
- (ii) Lee Bee Leng & two (2) others vs (1) MESB and (2) University Teknologi Petronas. On 15 November 2005, MESB, being the first (1<sup>st</sup>) defendant was served with a Writ of Summons dated 24 October 2005 by Lee Bee Leng & two (2) others ("Plaintiffs") claiming for among others general damages amounting to RM500,000.00 or to be taxed by the court ("Negligence Claim") and special damages amounting to RM403,550.00 ("Dependency Claim") due to the death of the 1<sup>st</sup> Plaintiff's husband and 2<sup>nd</sup> & 3<sup>rd</sup> Plaintiff's father. The maximum exposure to liabilities of MESB and University Teknologi Petronas ("UTP") is therefore estimated at RM903,550.00. The Plaintiffs claimed that the death was caused by the alleged negligence of MESB and UTP. A Statement of Defence was filed with the High Court of Malaysia in Ipoh on 11 January 2006 by MESB's solicitors. A reply to the Statement of Defence was dated 10 February 2006.

On 15 May 2006, MESB's solicitors were served with the Plaintiffs' application for abridgement of time to file a claim in respect of Dependency Claim against MESB. Two (2) affidavits in opposition of the Plaintiffs' application affirmed on 31 May 2006 and 30 June 2006 have been duly filed on 1 June 2006 and 5 July 2006 respectively at the Ipoh High Court. The Registrar had on 8 September 2006 ruled in favour of the Plaintiffs' application for extension of time and the cost arisen therefrom will be borne by the Plaintiffs. A notice of appeal to the Judge against the decision of the Registrar dated 13 September 2006 ("Appeal") had been filed at the High Court. The High Court has asked all parties to file in written submission in respect of the Appeal to the Judge in chambers in respect of the Registrar's decision to enlarge time for the Plaintiff to file the Writ Summons.

MESB's solicitors are of the view that MESB may be able to resist the Dependency Claim successfully by virtue of the fact that the claim is beyond the legitimate timeframe, which is three (3) years ("Defence of Limitation"). As such, an application for striking out the Dependency Claim dated 7 September 2006 had been filed with the Ipoh High Court. The Court has fixed 4 September 2008 for Decision for the striking out application.

For the Negligence Claim, (or if the Defence of Limitation is unsuccessful on the Dependency Claim), MESB's solicitors are of the view that the Plaintiffs' claim would very much depend on (among other things) the availability and strength of the Plaintiffs' witnesses' testimonies and the proving of the requisite ingredients of the negligence by the Plaintiffs on the balance of probabilities. If the Plaintiffs fail to reach the standard required, then the Plaintiffs' action will fail against MESB and UTP. Moreover, the Plaintiffs must also prove specific acts or omissions of MESB and UTP, that are alleged to be negligent. At this point in time, it is difficult to determine liability as the premises was under the control of UTP (2nd Defendant) and till today no evidence has surfaced as to what cause the accidental carbon dioxide release during testing period. In the opinion of MESB's solicitors, MESB should have a good arguable case to go to court.

- (iii) On 9 January 2007, MGB through its solicitors, received a Writ of Summons and Statement of Claim dated 23 November 2006 with the High Court of Shah Alam issued by CWorks Systems Berhad ("CWorks"). CWorks is claiming an outstanding amount of RM1,751,617.27 from MGB pursuant to a Software Development Agreement dated 9 May 2005 ("the Agreement") for the development and provision of a software for the National Product Code System, the Sale Force System and the Project Management Tool System in the PRC. The maximum exposure to MGB is estimated at RM1,751,617.27.

The Company's solicitors had on 16 January 2007 filed a Conditional Appearance challenging the action as not within the Jurisdiction of the High Court of Malaya but any remedy sought by CWorks should be referred to Arbitration under Malaysian Laws. The Company had, via a letter dated 5 December 2006 demanded the fulfilment of CWorks' contractual obligation. However, the letter remained unanswered. On 27 August 2007, the Plaintiff's solicitors filed a further written submission on the issue that it does not matter whether MGB's representative in the PRC, Mr. Li Ji Chang knew English language or otherwise, but he signed the acceptance of completion of the project and the said argument by CWorks is on a point of law.

Meanwhile, on 9 March 2007, the Plaintiff filed an application for summary judgment. The Company's solicitors are of the opinion that the said application is contrary to law and had taken objection towards the said application. The Company's solicitors had sought for the said application not to be heard till the Conditional Appearance is determined and disposed off.

On 30 August 2007, the Deputy Registrar of the High Court of Shah Alam has allowed the Company's application that the Suit by CWorks against the Company to be adjourned indefinitely 'sine die' and the claim by CWorks to be proceeded by the way of arbitration. CWorks has filed an appeal against the Registrar's decision and hearing date has been fixed on 16 June 2008.

The Company's solicitors are of the opinion that CWorks' claims are premature in nature and in breach of its contractual obligations.

### **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:

- (i) On 14 April 2006, MGB signed a Joint Venture cum Shareholders' Agreement with iCare Health Services Pte Ltd to co-operate and collaborate on health care services via the joint venture company, Metronic iCares Sdn Bhd ("MiCARES"), which had subsequently been incorporated on 20 March 2006. MGB holds 51% equity interest in MiCARES via a subscription of 51 ordinary shares of RM1.00 each in MiCARES for a total cash consideration of RM51.
- (ii) On 14 August 2006, MGB entered into a Share Sale Agreement with Zonemax for the proposed acquisition of Unilink. The proposed acquisition of 125 Unilink Shares representing 12.5% equity interest in Unilink for a purchase consideration of Renminbi ("RMB") 15,000,000 (equivalent to approximately RM6,912,442) to be satisfied by the issuance of 23,041,474 new MGB Shares at an issue price of RM0.30 per MGB Share. The proposed acquisition was completed on 12 July 2007.
- (iii) On 14 August 2006, MGB entered into a Share Sale Agreement with Newtron for the proposed acquisition of HK Broadway. The proposed acquisition of 10,000 HK Broadway Shares representing 100% equity interest in HK Broadway for a purchase consideration of RMB15,000,000 (equivalent to approximately RM6,912,442) to be satisfied by the issuance of 23,041,474 new MGB Shares at an issue price of RM0.30 per MGB Share. The proposed acquisition was completed on 12 July 2007.
- (iv) On 14 August 2006, MGB and Zonemax entered into the Call Option Agreement whereby in consideration of RM1.00, Zonemax unconditionally and irrevocably granted MGB a call option to acquire an additional 563 Unilink Shares representing approximately 56.25% equity interest in Unilink for a purchase consideration of RMB67,500,000 (equivalent to approximately RM31,105,991) to be satisfied by the issuance of up to 103,686,636 new MGB Shares at an issue price of RM0.30 per MGB Share and/or cash payment to be mutually agreed upon by Zonemax and MGB. MGB can exercise the call option within a period of fifteen (15) months from the completion of the proposed acquisition of Unilink as mentioned in clause (ii) above.
- (v) On 17 April 2007, MGB entered into a Share Sale Agreement ("Ariantec SSA") with Vincent Loy Ghee Yaw and Chen Kong Kheng ("the Vendors") for the proposed acquisition of 600,000 ordinary shares of RM1.00 each in Ariantec Sdn Bhd ("Ariantec") ("Ariantec Shares") representing 40% equity interest in Ariantec for a cash consideration of RM5,400,000. On the even date, MGB also entered into a Put Option Agreement with the Vendors whereby MGB has the option to sell the 600,000 Ariantec Shares back to the Vendors for a cash consideration of RM5,400,000 in the event that Vendors do not fulfill the profit guarantee as provided under the Ariantec SSA. On 28 August 2007, MGB announced that the acquisition of Ariantec has been completed on 27 August 2007.
- (vi) On 27 April 2007, MGB entered into a Shareholders Agreement with Kok Min Har ("Kok"), a Singaporean investor, to set up a joint venture company known as Securetrax Solutions Pte Ltd ("Securetrax"). Securetrax was incorporated on 31 January 2007 as a private limited company in the Republic of Singapore with an issued and paid-up share capital of Singapore Dollars ("S\$") 2.00 comprising 2 ordinary shares of S\$1.00 each. MGB and Kok ("Parties") shall each purchase an ordinary share held by the current subscriber of Securetrax. Thereafter, the Parties agree that the issued and paid-up share capital of the Company shall be increased up to S\$ 500,000 comprising 500,000 ordinary shares of S\$1.00 each. MGB and Kok shall hold 495,000 and 5,000 ordinary shares respectively.
- (vii) On 10 May 2007, MGB entered into the Supplemental Call Option Agreement with Zonemax for the proposed variation to call option. The proposed variation to call option granted by Zonemax to MGB is to acquire an additional 250 Unilink Shares representing 25% equity interest in Unilink for a cash consideration of RMB30,000,000 (equivalent to approximately RM13,274,336 based on an exchange rate of RM1.00 : RMB2.26 as at 10 May 2007). MGB intends to fund the cash consideration for the exercise of the proposed variation to call option via bank borrowings.

- (viii) On 1 August 2007, MGB entered into a Restructuring Agreement ("the Agreement") with Zonemax, Newtron, Edmund Chuah and Unilink (collectively the "Parties" and individually a "Party") to carry out the share swap and the restructuring exercise of Unilink ("Proposed Restructuring").

The proposed Restructuring entails the following conditions:

- a) MGB proposes to acquire 125 ordinary shares of Hong Kong Dollar ("HK\$") 1.00 each in Unilink ("Unilink Shares") representing 12.5% equity interest in Unilink from Newtron and/or its nominee; in consideration, MGB shall dispose 10,000 ordinary shares of HK\$1.00 each in HK Broadway representing 100% equity interest in HK Broadway to Newtron and/or its nominee ("Proposed Share Swap"). The Proposed Share Swap was completed on 31 December 2007;
  - b) Newtron proposes to sell 25 Unilink Shares representing 2.5% equity interest in Unilink to Edmund Chuah and/or his nominee for a cash consideration, or such mode of payment to be agreed between the parties; and
  - c) Edmund Chuah proposes to sell 190,000 ordinary shares of USD1.00 each in Heng-Ai representing 5% of the registered capital in Heng-Ai to Unilink, and in consideration, Unilink shall issue 26 new Unilink Shares representing 2.5% equity interest in Unilink to Edmund Chuah.
- (ix) On 30 January 2008, MGB entered into a Shares Sale Agreement ("Agreement") with Goldis Berhad ("Goldis") for the acquisition of the following shares ("Proposed Acquisition"):-
- a) 750,000 ordinary shares of RM1.00 each in IPanel Malaysia Sdn Bhd ("IPM") representing 75% equity interest in IPM for a cash consideration of RM1,055,103;
  - b) 136,500 ordinary shares of S\$1.00 each in IPanel Pte Ltd ("IPS") representing 30% equity interest in IPS for a cash consideration of RM10,197; and
  - c) 60,000 preference shares of S\$1.00 each in IPS for a cash consideration of RM134,700 from Goldis.

The total cash consideration for the Proposed Acquisition amounted to RM1,200,000.

#### **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 from the date of this Circular to the date of the Fourth AGM of the Company:

- (a) Memorandum and Articles of Association of MGB;
- (b) The audited consolidated financial statements of MGB for the two (2) financial years ended 31 December 2006 and 2007;
- (c) The cause papers in respect of the material litigations referred to in Section 2 above; and
- (d) The material contracts referred to in Section 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 Fifth Annual General Meeting of Metronic Global Berhad will be held at Room Mauna Lani A, Holiday Inn Glenmarie Kuala Lumpur,, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 23 June 2008 at 9.00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions:

#### **ORDINARY RESOLUTION 9**

##### **“Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**

**THAT** the mandate granted by the shareholders of the Company on 27 June 2007 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) authorising the Company and its subsidiaries (“MGB Group”) to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 30 May 2008 (“the Circular”) with the related parties mentioned therein, which are necessary for the MGB Group’s day-to-day operations, be and is hereby renewed, provided that:-

- (i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year and in the annual reports for subsequent financial years during which the shareholders’ mandate is in force based on the type of the recurrent transactions, the names of the related parties involved in each type of the recurrent transaction and their relationship with the Company;

**AND THAT** the authority conferred by such mandate shall continue to be in force until -

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

whichever is earlier;

**AND THAT**, authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the proposed shareholders' mandate.

**AND THAT**, the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular.”